

Interview with Mr. William Piez , 2011

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

WILLIAM PIEZ

Interviewed by: Charles Stuart Kennedy

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Q: Today is September 11, 2009, the infamous date 9/11. This interview is with William Piez, and it is being done on behalf of the Association for Diplomatic Studies and Training, and I am Charles Stuart Kennedy. You go by Bill or William?

PIEZ: I go by Bill pretty much.

Q: Ok, well Bill, let's start at the beginning. When and where were you born?

PIEZ: I was born March 17, 1932 in Providence Rhode, Island.

Q: Well let's get a feel for the family. Where did the Piezes come from?

PIEZ: Well the family name originates in Germany. I have traced relatives in Germany and the first to come to America was my great grandfather, Jacob Piez. I have his citizenship document from a court in New York dated 1859. I believe he emigrated about 1850, although no one has found a ship manifest with his name on it.

Q: Do you know where he came from in Germany?

PIEZ: Mainz. A Catholic family - his ancestors are buried in the Mainz Cathedral cemetery.

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Q: Do you know what was his occupation?

PIEZ: He was a brewer. A younger brother emigrated shortly after him and he was a cooper. Those were years when brewers needed coopers.

Q: They must have been a happy judge of professions. Where did they settle, in New York?

PIEZ: In Newark, New Jersey. You can find professional records of his business.

Q: He had his own brewery?

PIEZ: He did, I believe. He was first employed by others.

Q: His son would be your father.

PIEZ: Grandfather.

Q: What did the grandfather do?

PIEZ: His name was William like mine. He was born in the U.S. He moved to Ohio and he was employed by a company called the Link Belt Corporation. It still exists. You will see the name Link Belt on heavy construction equipment.

Q: I have seen it, yeah.

PIEZ: Then he lived in Montgomery, Alabama, and ran a steel plant there for some years. He went to Europe as the Link Belt company representative in the late 1920's. He died in Brussels in 1930. In 1977 I applied for a copy of his Consular Report of Death. It was free because it was the first copy to be issued.

Q: How about your father?

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PIEZ: He was my grandfather's only offspring. He was born in Canton, Ohio in 1902.

Q: What did he do?

PIEZ: Well he got only a year of college, and then went into business as a lighting designer and engineer, and was pretty much self-taught as an engineer. He was eventually certified to design and supervise lighting installations. He was very proud of that, because it meant he could put his stamp on a blueprint of electric lighting design.

Q: It was the generation of self taught people. My father never graduated from college, but he was a well educated person by himself. Ok let's go to your mother's side. What do you know about them?

PIEZ: I don't know a whole lot about my mother. My father was married three times. That sort of confuses the issue. My mother had three children. I was the youngest. Shortly after my birth she suffered a complete mental breakdown. This would have been in 1932. Shock treatments were popular at the time and she came out of it with impaired mental functions and did not remember anything about her past. She left the family to return to her sister in Ohio and lived the rest of her life there.

Q: Where did you grow up?

PIEZ: In Providence. I went to public schools in Providence, Rhode Island.

Q: What was public school like. In the first place you say your father married several times. What as a small lad growing up, what sort of family did you have?

PIEZ: Well I had an older brother and sister. My sister was nine years older, and so in some sense she filled in the parental gap. My father remarried on New Years Eve 1938, and I was thereafter, from the age of six, brought up by a stepmother. She was a very competent professional woman.

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Q: You say professional woman. What did she do?

PIEZ: Well she had a masters degree in social work from Smith College. She had worked in California in a federal camp for Okies, as they were called at the time, the agricultural migrants from the dust bowl who went to California to do stoop labor in the fields. The Roosevelt administration established camps where these people could camp. Many encountered bathtubs and flush toilets for the first time.

Q: One gets a picture of that in the novel "The Grapes of Wrath" by John Steinbeck.

PIEZ: Yes, my stepmother once told me she had managed the federal camp described in "The Grapes of Wrath."

Q: I just read it again quite recently. There was quite a positive picture of the camps, sort of a nirvana for those coming from the dust bowl.

PIEZ: Later the Roosevelt administration provided assistance to the states for social services on the condition they employ people on a merit system, meaning you take a competitive exam for the job.

Q: Sort of like the foreign service.

PIEZ: Ok. As a social worker she was employed to write examinations for candidates for social work jobs with the state of Rhode Island. Eventually she became head of the division that wrote all the examinations for all non-political government service jobs in the state. That was quite interesting because I learned a lot from her on how to take exams.

Q: Well had you moved to California by that time?

PIEZ: No, I still lived in Providence. She worked for the State of Rhode Island.

Q: Let's talk more about the family. Did you have any other half brothers or sisters?

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PIEZ: No, one brother and one sister. That was it.

Q: Did the family sort of sit around the table and talk about things or was this....

PIEZ: Very much, yes.

Q: I would imagine the social worker she would be. I assume she was an ardent New Dealer.

PIEZ: Very much. She worshipped Eleanor Roosevelt and at one point was even invited to tea at the White House. She was proud of that.

Q: Would you sort of call yourself middle class, upper middle class or...

PIEZ: I would say middle class for the time. Money was tight but my father was employed continuously through the depression.

Q: Well and even if money was tight, everybody was used to that.

PIEZ: Well, in 1939 my stepmother was also fully employed. I remember as youngsters growing up we were limited to three glasses of milk a day. Seconds at meals were not offered. My brother remembered that also. To tell the truth, until wartime rationing, in our family food was not overgenerous. There was enough. It was not malnutrition or anything of that kind, but it was tight.

Q: Was your family religious at all?

PIEZ: No, my father was a Christmas and Easter Episcopalian. However, there was a Unitarian Church across the street from where I was growing up. The minister lived next door, and we were very close to him and his family.

Q: Did that have any influence on you, the Unitarian side of things.

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PIEZ: Well if anything it reinforced the liberal traditions of our parents. There was also strong respect for government service. My father, shortly after Pearl Harbor, gave up his successful business to go to Washington to join the war effort. His first job was to work on blackouts in the Office of Civil Defense. Presumably he knew how to turn lights off as well as on.

Q: We will come to school in a minute, but after school were you sort of turned loose. Was that the era when kids' dinner was at 6:30, back then?

PIEZ: Very much.

Q: I always use the term feral. We were of that nature too. Fairly loose.

PIEZ: I and friends my age were turned loose in the streets or to walk to a huge public park some half-mile away, or ride bicycles. We threw snowballs at passing cars and cut clotheslines at Halloween. But there were no guns and no drugs in the streets. Predators of various kinds were practically unheard of. I suppose they were there. But we were free - as you say feral creatures.

Q: You went to Providence public schools I guess.

PIEZ: Yes.

Q: How did you find elementary school?

PIEZ: It was dull and I really was a very mediocre student. It was hard in a way because my teachers more than once said to me that my sister was so smart she skipped the entire third grade. And she did; and she was smart.

Q: Yeah, there is always something like that.

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PIEZ: But they would tell my mother, "He seems to be intelligent but he doesn't pay attention." That was true. I wasn't paying attention. I was bored.

Q: Well were you a reader?

PIEZ: Yes. I must have been six or seven, maybe even younger, at the time. My sister had the complete set of the Oz books.

Q: Oh yes, Frank Baum.

PIEZ: A shelf like this (gesturing, hands five feet apart). One summer she turned me loose on them and I learned to read. It took a week to read the first book. The last book I read in less than a day.

Q: Oh my God. Well did you sort of live in a world of your own imagination, the Oz books being a stimulant to imagination?

PIEZ: Yeah, but I think that on my own, outside of school, I was interested in participation in sports, touch football or baseball or, as a teenager, tennis or just anything.

Q: Well was there I don't want to use a pejorative term but was there a gang of kids or friends you used to...

PIEZ: Yes. I was very active in Boy Scouts.

Q: In earlier years school wasn't of any great interest to you.

PIEZ: No. That sort of inattention to studies continued through high school. I went to a good high school, Providence Classical High School, which I think still teaches Latin and Greek, and was very demanding. You had to take Latin. You had to take another modern language. I took German. The usual: mathematics, English, ancient history, social studies.

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I scored well on standardized tests given every year, but not on the daily quizzes and final exams given in each course.

Q: Did science and math, did that have a...

PIEZ: Yes, chemistry, physics, we had those subjects in high school.

Q: How did you relate to them?

PIEZ: I liked those courses.

Q: So back to your father's side, some mathematics and science.

PIEZ: And they seemed to me relevant somehow. You were dealing with physical things, quantifiable things. I just liked science.

Q: Well let's see, you were about eight years old when WWII started. Did that engage your interest, the newspapers and broadcasts?

PIEZ: Yes, very much. I remember the day after Pearl Harbor all the kids at school said, "We will beat those Japs in three weeks." I came home and said to my mother, "Everybody is saying the war will be over in three weeks." She said, "Don't kid yourself. It is going to be a long, tough and bloody war." She was from California and had some knowledge of the Japanese community there; she knew what she was talking about.

Q: Did she get involved in collecting scrap metal and all those things? Paper drives?

PIEZ: Oh yes, everyone worked on scrap drives, collected newspapers, and we kids did also. You could make money collecting newspapers. My stepmother was very particular about observing all the rules for rationing, limited driving, salvaging tin cans and planting a victory garden. She wanted to contribute to the war effort every way she could.

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Q: Did you feel any animosity due to the fact that you had a German name and studied German?

PIEZ: Not in the slightest.

Q: Well I imagine Providence, Providence has a large I guess Portuguese community and other ethnic communities?

PIEZ: Well the largest nationality group would be Italians, many Sicilians. There was a large Jewish community. The neighborhood I lived in was Anglo and Jewish pretty much. But kids at school, especially high school, must have been 60% to 70% Italian. They would play finger counting games in Italian and sometimes they would be speaking Italian.

Q: Probably when you say Italian it was probably Portuguese. Or a Sicilian dialect or something like that.

PIEZ: Yes.

Q: You went to Classical High - it was quite challenging there.

PIEZ: Yes, lots of Homework.

Q: Did you have any particular interests? I mean extra curricular?

PIEZ: Sports to some extent. But basically my life was very full attending classes and doing homework. One thing I did do, actually I started in junior high school, was work in the school cafeteria as a cashier. At that time as a cashier you had to add up the prices in your head because the cash registers did not add. I gained and still have a capacity in mental arithmetic. I would look at a student holding a sandwich, a bottle of milk and a piece of fruit and you would say 17 cents and ring it up. USDA (U.S. Department of Agriculture) subsidized prices, or course.

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Q: What about getting news, this being before TV really came in. So did you read the newspaper very much?

PIEZ: Every day. The Providence Journal, Life Magazine, Time Magazine. I delivered newspapers for a time. We had a large number of books at home. My stepmother was a member of the local library review committee. She was reading constantly.

Q: You mentioned you probably had a pretty good public library.

PIEZ: Yes, and at school we had a library and full reading assignments. You were required to read and understand "Mill on the Floss" and "Wuthering Heights." No fooling around, believe me, when it came to literature. Shakespeare: Julius Caesar, Merchant of Venice.

Q: Did you have any sort of books or series of books particularly interest you?

PIEZ: I remember being fascinated by Gibbon's "Decline and Fall of the Roman Empire." History was always of interest. Once in a high school study hall a teacher caught me reading my own book. It was Interpretation of Dreams by Sigmund Freud. She gave me an awful frown, and then let me go back to reading it.

Q: Did you have any view of Rhode Island politics.

PIEZ: Not too much. It was almost an Italian province.

Q: It seems to me that being governor or mayor was almost a ticket to prison for awhile.

PIEZ: You would get some of the old Yankees elected to the Senate. Theodore Francis Green was the senior Rhode Island Senator for many years. Claiborne Pell is still in that tradition, but city and state politics are pretty much local, and many office holders were of Italian descent.

Q: You graduated from high school when?

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PIEZ: 1950.

Q: Were you pointed toward college?

PIEZ: Oh definitely. My brother had gone to Yale. My older sister had gone to Smith. One of my stepmother's repeated messages was study hard and get into college. Your father didn't go to college, she said, and it always held him back.

Q: So what did you do?

PIEZ: Well I went to the University of Rhode Island primarily because it was subsidized. I was going to have to pay for my own college bills, and it was reasonable. My father had died in 1946, so we were living just on what my mother earned. There was not a lot of extra money. The other reason was I could get away from home. I could live on campus, and that was important to me. So I enjoyed the campus life instead of the commuting student life.

Q: Where is the University?

PIEZ: It is located in Kingston in the southern part of the state about 40 miles from Providence. It is a land grant school and that is the reason it is there, because the emphasis was originally on agriculture and that was where farm land was. They had a big agriculture school. A big poultry department meant there was great fried chicken available in the student dining room. You wouldn't expect that really in Rhode Island, but it was there. There was also a strong engineering faculty and they had a small liberal arts program where I ended up.

Q: How did you find college life?

PIEZ: Oh, I was like a duck to water. I learned to pay attention.

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Q: What was it? At last it was fun or were you just having a high time?

PIEZ: It was a college with a rather mediocre reputation and not a huge fabulous faculty whose members today would be constantly appearing on TV. But you find in a mostly rural area campus like that a few really capable teachers. Serious students could get a lot of attention from the faculty.

Q: Oh yes.

PIEZ: And you can find them. And they find you.

Q: Well that is the thing. Harvard and Yale have some very distinguished faculty but you have very little contact with them.

PIEZ: Yes, and that was decidedly not the case where I went to college.

Q: Any particular teachers stand out in your mind?

PIEZ: I had a professor named Donald Tilton who taught history. His particular field was English constitutional history. I still enjoy reading histories of England by some of the standard authors like Macaulay or Trevelyan who wrote a standard one volume work on English history, mostly constitutional. Dr. Tilton in seminar always called Macauley, "Thomas Babblemouth Macauley."

Q: What was social life like there?

PIEZ: Well I joined a fraternity and that just took care of the social life. I went out for the debating team and was on the debating team for a couple of years. Some of the members were girls, and there was a sort of a built in social group there, and it was a co-ed campus. We traveled as a team to other colleges to join in debate competitions.

Q: Did you find debating came easily to you?

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PIEZ: Well I would say it came easily, and I learned a great deal from the experience. But I was never really a hugely successful debater. But some times we would go to a competition where they would have other speaking competitions, such as extemporaneous speaking or parliamentary sessions. That was very interesting. The way the competition in extemporaneous speaking worked was that they would have a list of maybe 100 subjects, very scattered. You couldn't possibly prepare even if you knew what they were, and you didn't. The system provided that, ten minutes before your time to talk began, you drew a subject at random. You had ten minutes to think about it. Then you stood up and you had five minutes to talk. If you went to five minutes and one second they cut you off right there and you would lose points. And in a major competition in New York City I won against forty or so competitors, much to my surprise.

Q: Do you remember the subject?

PIEZ: The subject was "President Eisenhower, has he done a good job?"

Q: Oh boy. Well while you were at college, sort of foreign affairs outside of English parliamentary affairs or parliamentary government, did your interest in that continue?

PIEZ: Develop?

Q: Well more than English. How about Europe or the Far East or Latin America or something like that?

PIEZ: Well really in my senior year a new challenge suddenly appeared in the form of a person. A new instructor joined the Liberal Arts Faculty. His name was Joseph Warren, and he was a Ph.D. candidate at the Fletcher school. As a first year instructor he had three courses to prepare, all of them from ground zero as it were. He needed help. Well he had a basic class in political science, and I was employed at 75 cents an hour to correct his students' exams. I was then a senior and the students were freshmen and sophomores. They were essay exams entirely. None of this multiple choice stuff. He and I became pals.

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He taught a course in comparative government which I took. The subjects were Germany, France and Britain. Before the course began I read the textbook and outlined it in parallel columns, leaving the right hand column blank for class notes. When the class began it became clear to me that he was less than fully prepared. He might have read the chapter, but basically he was winging it. So I would ask him questions. That would remind him of some aspect of the subject he knew about. Before you know it the hour was over.

Q: I remember, I am four years older than you, and I tested, the man who wrote it was quite well known at the time. His name is Fredric Schumann wrote a book on international politics. Political science in those days was basically comparative government as opposed to all sorts of theories.

PIEZ: Yeah, but international politics was just beginning to develop as a popular academic subject.

Q: Well did the Iron Curtain, Soviet Union and all of that, was that a subject of interest?

PIEZ: Only moderately. There were Soviet experts all over the place going back to Brzezinski. I thought to myself that has got to be an overly crowded field.

Q: Well while you were at college, were you pointed towards anything?

PIEZ: Well I had already heard about the Fletcher School, and with instructor Warren's recommendation I managed to get in. That probably wouldn't have occurred without his support.

Q: The man's name was Fletcher Warren?

PIEZ: Joseph Warren, if my memory doesn't fail me. But the Fletcher school of Law and Diplomacy is attached to Tufts. Again it was a residential study program which turned

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out to be very suitable considering my interests. One of the things that they required of American citizen students was that you take the foreign service exam.

Q: Really.

PIEZ: They opened the dormitory at Fletcher, not the dining room, a few days early and I went to Boston to take the exam. In those years, we are talking 1955.

Q: Is that the three - day exam?

PIEZ: Yes, three days. Three and a half if you count the foreign language exam.

Q: When I came in I took it in '53 when I was in the air force. Three days.

PIEZ: Then the Wriston committee came along to reform the foreign service, and they had to restructure the exam, making it one day. I was in the last group to do the old 3 - day exam. It was only given in about eight places in the United States, mostly Ivy League schools, which the Wriston committee didn't especially like. They apparently thought the Ivy League was too dominant in the foreign service and they wanted some real people.

Q: I think they called it a massive infusion from Main Street as I recall.

PIEZ: Well I qualified as a Main Streeter definitely. The University of Rhode Island is decidedly not Ivy League. Like many of the state schools they were not overly selective. If you graduated from high school in the state and you wanted to go there, you pretty much got in. What happened was during the freshman year they sorted students out, and the freshman class was reduced by more than half. My first year roommate was gone at the end of one semester. By the beginning of the sophomore year half of the class was gone. So it was selective in that sense. Anyway I took the exam. It was given in Memorial Hall at Harvard, a great cavernous and drafty hall where the candidates could all be kept at very

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wide intervals so they couldn't copy from each other. It was popularly known as pneumonia hall.

Q: How did you do on the exam?

PIEZ: Passed. Close, not a high grade, but I passed. I learned later that I passed the orals unanimously, but two other candidates that day failed.

Q: Actually I took it and I was averaged in. I got something like 69.4% and they averaged me into it

PIEZ: I didn't find out if they did that to me but they could have. I think they did that to a lot of us. Keep our junior officer candidates humble.

Q: At Fletcher, what sort of things were you looking at? What were you taking?

PIEZ: Well at the time in the first year you had to take a course in international law, a course in international economics, and a course in regional or international politics. In one of those areas you took two. That was your major. Mine was international law. They had a professor named Leo Gross who was a crusty old strict literalist who believed if the treaty said X it meant X. It didn't mean X+ or X-. It meant X. He would get into arguments with his students. Well there was a group of Pakistani foreign service officers getting initial training at the Fletcher School. When we were studying conflict of international vs. domestic laws they would argue with him about partition and India. If they made a legal argument based on Pakistani law he would say, "Well your country doesn't even have a constitution. So don't talk to me about your law."

Q: Did you get much of a flavor for the international world at Fletcher?

PIEZ: Very much. There were students from all over the world. I had a Japanese roommate. He went on to be an ambassador for Japan. One day I started on page one of a Japanese language textbook. I said to him, "Korewa pen desu." He and Japanese friend

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of his laughed uproariously. Later I learned that that short sentence was the first sentence in English language textbooks used in Japan, "This is a pen." No wonder he laughed.

Q: I have had a number of people who were graduates of Fletcher. One who comes to mind immediately is Winston Lord.

PIEZ: Oh yes.

Q: Was he in your era?

PIEZ: No. I never knew him.

Q: By the way when you were in high school and all did you have summer jobs?

PIEZ: Yes. The summer I was 15 I got a job as a lifeguard. I worked all of the next seven summers. I worked as a lifeguard at a freshwater lake or pond for five of those years. That was the most boring job you could imagine. I also worked on road construction and as an electrician's helper.

Q: There were girls.

PIEZ: All these stories about girls being interested in lifeguards, you couldn't prove it by me. But one thing you could do, especially when it was quiet, was read. I read.

Q: You went to Fletcher from when to when?

PIEZ: Let's see, I was there '54-'55. Later in my career when the State Department decided I needed more education, I went back for another year. That was '62-'63.

Q: You got your masters then?

PIEZ: Well they had sort of a one-year degree and then they had the regular masters which took two years to get. I ended up getting both.

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Q: You took the exam in '56 or so, '57?

PIEZ: Must have been '54. I entered the foreign service on August 15, 1955 after the Fletcher year.

Q: So this would have been junior officer class two or three, something like that.

PIEZ: It was class two.

Q: I was class one. I had four years as an enlisted man in the air force and then I came in. So you probably had Jan Nadelman as course director.

PIEZ: Yes.

Q: How did you find your basic officer course?

PIEZ: Well everything was so new and so strange, in a way you are drinking from a hydrant. A lot of what you are picking up and learning isn't exactly what is taught, but it is things you need to know. I found it most stimulating. The presentations were nearly all interesting, although there were moments of boredom.

Q: I have to say we had a hard time staying awake during the department....

PIEZ: Well there is a little story about that. We went over to the Commerce Department for a week, and some of that was heavy going. At one point one person in the class really did go to sleep and almost bang his head on the table. The Commerce Department passed word to Jan Nadelman that our conduct had not been satisfactory. When Jan Nadelman pointed out that the Commerce Department had put one of their own people into the class for training and that he was the one who went to sleep, we didn't hear any more about it. It wasn't an auspicious beginning, but throughout my career I really got along well with the Commerce Department. They did some thing in those years that I don't think anyone else in government did. In those days we wrote despatches. They always showed who had

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actually written them, in addition to the signing officer. The Commerce Department kept an individual file of each reporting officer's work, so they could pull Piez and see whether I wrote good reports, and are they relevant or irrelevant, and is his work well written. They had an office where they kept these and other performance records and they evaluated people. They gave these evaluations to their representatives on the promotion panels. I never saw one of those evaluations, but I believe I got good ones.

Q: I think I remember hearing that I got a good evaluation on this. Did you know where you wanted to go?

PIEZ: Oh, yes. To back up slightly, one reason I took a job with the State Department was because all the other prospective employers were not interested in me because I had a 1A draft status, and God bless the State Department, they just ignored that. When I posed the question they said, "Don't worry about it. If you get drafted, we will just suspend the process right there. You are in the freezer, and when you get out, call us up and out you come." Which is exactly what happened.

Q: You got drafted.

PIEZ: I was drafted.

Q: Right when you were starting.

PIEZ: Well I got a notice just as the junior officer course was winding up ordering me to appear in Providence. So I wrote back and said I can't do that. It is too far away; let me go somewhere else. Then I got an order to appear in Alexandria, Virginia; I guess it was January 13, 1956, and I reported.

Q: So you got drafted.

PIEZ: I was drafted.

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Q: Where did you go?

PIEZ: Well basic training was at Columbia, South Carolina, Fort Jackson. They give you a brief assignment interview. I was being interviewed by an army uniformed clerk who did not know what a foreign service officer was when he asked my occupation, so he referred to a sergeant who said, "Oh yes, it is in the book of occupations." They looked it up and it has a number. The interviewing PFC was happy because he could write in the number on the form. Then they decided gee with all that education there is no use sending him to eight extra weeks of infantry basic. So they sent me to a regular job at Fort Bragg in a so-called military intelligence group. I was in a little group of GI's who presumably were a censorship detachment. We would censor the mail if there ever was a need for that. Of course there was no need so we weren't doing that. But we were supposedly in training to learn how. In fact, Fort Bragg is the home of the 82nd Airborne Division. The 82nd Airborne loves to train, and they loved having non-airborne troops around to do everything else, like work in the kitchen. Pull prisoner guard, pick up ashes and trash, empty the trash bins all over the post, pull several kinds of guard duty, day or night. I was there a very short time, but I pulled prisoner guard three times. Each stockade guard assignment lasted for six days. Prisoners had a full six day work week, so the guards did too. They would issue you a shotgun and three prisoners. You would have the prisoners cut the grass in the officers' residence area or clean restrooms. It was really boring. Your prisoners usually had done something stupid like take a jeep to town without a written order. Mostly they weren't bad guys, but you had to be watchful.

Q: Life guarding would seem exciting by then.

PIEZ: Yeah. Anyway the way they trained you, you just hoped one of those prisoners would run, so you could shoot him. Because if you shot a prisoner you couldn't pull the duty for a year for fear the other prisoners would kill you. Not that you could kill anybody with bird shot, but you sure could make him wish he hadn't run. Anyway, that didn't last too long. An IBM card popped up in the Pentagon and I was immediately transferred to

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Edgewood, Maryland, an Army Chemical Corps post. Within it was a bunch of civilians who were writing the history of the Army Chemical Corps in WWII. Mind you this is 1956 when I got there. There were four professional historians, three clerks and four army enlisted men like me on assignment. Up until that time with ten years to work on it, they had not published one word. But they were working on it.

Q: I have a good friend who is an army historian who is working on the history of our headquarters in Vietnam in 1967. So I think the pace hasn't picked up much.

PIEZ: Well I don't mean to disparage them. I was given a routine job of sorting documents and picking out ones that would be of interest to a historian. The WWII document archives are voluminous. After I was discharged they published a three volume history of the chemical warfare service, and it is a very competent piece of work.

Q: No, when it is done it is good stuff.

PIEZ: Yeah, and they put my name in the preface of volume three along with the names of other GIs who served in that office.

Q: How long did you do that?

PIEZ: Until the end of my two year term. So I was there actually maybe 19 months.

Q: Were you able to fill in the time by reading? I mean how did you find being an enlisted man?

PIEZ: Well I had developed a relationship with a young lady in Philadelphia. I managed to get almost every weekend off, so I was zooming up the road to Philadelphia and back on weekends. During the week, there was always something to do. There would be somewhere to march or some formation to participate in or some flag to be raised or

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lowered or practice on a rifle range. They kept us busy. Barracks to clean and buff the floors.

Q: I went to the Army language school and took Russian and was involved with that. I hadn't graduated from college, so I went through somewhat the same thing. Then got my masters and went into the foreign service two months before you, the first of July of '54.

PIEZ: Yeah, I think in those days they put you in the reserve for a while. During that time they ran the paperwork through the White House. I think there was a nominal committee review on the hill before you got a real commission. So I was in the reserve as of August 15, 1955 and they just gave me busy work in the Office of the State Department Historian for a week until the junior officer class started.

Q: So what happened when you came back in what would be '58?

PIEZ: Yeah. I was discharged from the army on the tenth and was married on the eleventh and was back at work on January 15. I was assigned to the Bureau of Educational Exchange. It was not considered a plum assignment, but I was perfectly comfortable with a Washington assignment because my wife already had a job in Washington that she very much liked.

Q: What was the background of your wife?

PIEZ: Well her father was on the faculty at Temple University. She went to Oberlin College. After she graduated she worked for the World Affairs Council in Philadelphia. Then she got a job with a private agency that had a State Department contract to deal with the foreign leaders grant program. She worked for a professional educator who received grantees from abroad and planned programs for these grant recipients. They were awarded travel and per diem in the United States for three or four months. She and her boss sat down with these foreign visitors to discern their interests, and help them learn what the country is really like. They had a great time planning their trips, setting up

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contacts for them, and arranging their travel. My wife also arranged for them to get paid their per diem in advance, which made her a popular person.

Q: Well in a way she was doing the same thing you were doing.

PIEZ: Well I was working on Americans, Fulbright professors who were going overseas. This little group of us, two civil servants who did essentially the same work that I did, but for different sets of countries, and we all worked for a woman named Esther Hawkins who was a veteran Washington bureaucrat and incredibly efficient at making the paper flow. Our job was to handle each case, gathering the necessary documents and communicating with USIS (U.S. Information Service) overseas. USIS placed each awardee in an academic assignment in a foreign university. The basic screening and recommendations was done by another contract agency. They would send their recommendations to us. Then according to the Fulbright Act there was a Board of Foreign Educational Exchange that had the final authority to grant or not grant. Our job was to get everything together, including their security checks, to present to the Board. The Board almost always took the recommendation of the contract agency.

Q: Well did you feel the hand, I guess it had died, of McCarthyism at that time?

PIEZ: Well I would say our exchange professors certainly did. I know I personally was subjected to a very thorough check. And at that time, if you remember, they did the background investigation before you took the oral. So the oral exam panel knew all about you. While I was in process one of my neighbors came to me and said, "Some government person with some sort of identification I don't remember was around checking on you. I am not at all surprised. I knew there was something good for you in your future." That was kind of an odd reaction. Today if that happened they would say, "You are being investigated. Have you been helping Bernie Madoff or what have you been doing?"

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Q: Did you get a feel for the type of people we were sending abroad? I mean do you think it was a good...

PIEZ: I thought it was a great program. The weakness in it was I had a group of Latin American countries, Colombia, Brazil and so on. At that time, and I imagine it is probably still true, the university system there was very much on the European pattern. The students took certain courses taught by certain professors. A visiting professor had no place in the required curriculum. We saw all of their evaluations of their experiences post grant. The first thing Fulbright professors had to do was somehow lure some students to come to a class, and it was really hard on the professors. They certainly learned a lot about the culture of the country. But as to actually teaching it was difficult. It is hard to teach students who were basically auditors, because it wasn't a course they had to pass.

Q: One of the problems too, I am thinking in Latin America, was that so many of the universities were sort of hotbeds of Marxism.

PIEZ: Socialism, Marxism, yes.

Q: The bright students were Marxists when they went to college and as soon as they left they became right wing capitalists.

PIEZ: Authoritarian.

Q: That seemed to be the pattern. Some of the universities you couldn't go into them in Latin America because the Marxist students had sort of seized control I have heard. Did you feel somewhat outside of the foreign service in a way?

PIEZ: Well a little bit. The Bureau of Educational Exchange had some foreign service officers in it, but I was surrounded by civil servants. But this was all an operation involving exchange programs with foreign countries. It seemed to me like a perfectly reasonable assignment for a young officer, and I really wanted a job in Washington at that time.

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Q: Yeah, at that time there weren't as many jobs in Washington.

PIEZ: That is true.

Q: So you did this what for about two years?

PIEZ: It was a little over.

Q: So when did you leave and where?

PIEZ: Well let's see. In January of 1960 I was assigned to full time German language training. In the course of that training I was given my first overseas assignment which was to Vancouver.

Q: So the German was to bring your language qualifications up to date?

PIEZ: Yeah. I was still a language probationer. I had gotten a 69% on the German written test and I didn't get averaged in. It was kind of funny as I think back on it. Anyway I went through the training full time, took the exam again and passed.

Q: And then off to Vancouver.

PIEZ: No, I very quietly told my personnel officer that I really would like to go to Germany. I was a very junior officer and didn't feel like I was in any position to make demands. People were saying, "Oh, you will love Vancouver. It is a beautiful city and a wonderful place." Well it turned out that a consular officer from Frankfurt came home on mid-tour home leave and was due to go back. About the same day I went to personnel, he went to personnel and said, "I don't want to go back." They said, "Well would you like Vancouver?" Well his goal in life was to build up his investment portfolio to \$80,000 in value. The dollar bought more then. He found out that the American Consulate was in the same building as

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the Vancouver stock exchange. He said, "Yes." So I got his job and he got mine. So I went to Germany, to Frankfurt.

Q: So you were in Frankfurt from when to when?

PIEZ: From January of 1960 until the summer of '62. So it would have been practically all of 1960 and '61 and half of '62, a bit more than the two years.

Q: Which job did you have?

PIEZ: Well in those days junior officers got consular work. Rotation meant rotation to different consular jobs. I sort of regret that we don't always do that now because it was really, I think, an excellent introduction, and it was really interesting work. At least I found it so. They put me in the visa section which was again an advantage because you really got to use the German language. Unfortunately it was a limited vocabulary. It wasn't the German of economics or politics. It was the German of law and the words for prostitution and fornication, all of those things that are in the application form. But anyway, we were rotated into different consular jobs, so I did citizenship work part of the time. I registered babies and signed passports and visas.

Q: Did you have the baby birth registration job.

PIEZ: Yes, on rotation. There were two of us, and we registered thousands of GI babies. I figure I registered 6000 of them.

Q: Many products of the 97th general hospital. My daughter was born there. I was protection and welfare officer there at one point. I had that job from '55 to '58 in Frankfurt. So you sort of followed me.

PIEZ: My consul general was Wendell Blancke.

Q: Oh wonderful man.

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PIEZ: Marvelous. I still worship his memory. My son is named after him.

Q: I remember I was just one of many vice consuls but when I left he had a little poem for me going.

PIEZ: Well a very interesting thing happened to me which I will introduce because you wouldn't dream of asking. Because of my absence in the military and the timing of my assignment to the Bureau of Educational Exchange in January, I was not considered for promotion by any panel while I was in the army or after for a year and a half. Then I was considered but the results of the promotion panel were not made known to me until I had arrived in Frankfurt. I got a letter saying I was listed for selection out. The letter said that, having entered the foreign service in 1955, I had made no contribution to the work of the state department.

Q: Good God.

PIEZ: From the time I was in Jan Nadelman's class and thereafter I worked closely with a personnel officer and then they gave me a holding job pending my Draft Board's decision. Before I was drafted he said, "I don't have to do a performance report, but I will send in a memo," but he never did. So literally I had no record. Well this letter arrived and on the outside it was marked limited official use to be opened by addressee only. Everybody knew what it was. Wendell Blancke got his copy when I got mine. His aide, another junior officer I knew very well, called to say, "The consul general wants to talk to you." I went to Consul General Blancke's office, and he said, "If you haven't got this letter you are going to. It is grossly unfair considering your history. It is virtually an insult to say you have done nothing for your country when you got drafted and you served honorably." And he took my part. He personally wrote the reviewing statement on my next performance report, backing it up with a personal letter saying what he thought of me and my situation. The next promotion panel promoted me. I came in to the foreign service in 1955 as an FSO 6. Then they said the Foreign Service should have eight numbered ranks, not six. So I

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became an O7 while I was in the army. I didn't do anything. I was lucky, but you know that is the history of my life - being lucky. My boss in the Bureau of Educational Exchange was unused to foreign service evaluations so she read the instructions. She followed them literally on my first evaluation. Well not long after that I transferred to Frankfurt and because that was in January she didn't have to write my report until May. In the meantime my replacement came from London. He hated the job and hated her. Thus she had had an unhappy experience with him when it was time for her to report on me. I got a very good report. So I was just lucky, looking good by comparison.

Q: How did you find the visa process? What were you doing?

PIEZ: Well they had recently introduced what was called the Montreal system. Of course in Germany where people are literate, at least in German, and good at following instructions, the Montreal system worked beautifully. A German could just walk into the consulate, go to the information desk, pick up the papers and the instructions, follow all the instructions, get everything in order, but not submit the papers. Just write a letter saying I am ready. We would give them an appointment. They would come in, submit the papers and get the visa the same day.

Q: Was there still quite a bit of sorting out. I mean we had the Berlin document center and all that?

PIEZ: Oh yeah, but I think because of the age groups of the people applying and the large number of GI wives, they had mostly been at least somewhat vetted. We really had a very moderate number of refusals. The quota at that time was open for Germans. An occasional ex-Nazi or SS camp guard would show up, but these were easy refusals. Sometimes the document center would turn up some interesting stuff.

Q: Well did you have a problem with the GI wives with prostitution because many came from that class.

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PIEZ: Even if they were married to a U.S. citizen they were initially ineligible for a visa, unless they went to the immigration service and got a waiver. But the immigration service had an office there, and they issued waivers the same day. Then we would issue the visa right away.

Q: How about I assume you had a pretty good file staff. I remember Herr Westphal who was head of the file staff.

PIEZ: Oh yeah, he was there. He worked the information desk a lot. One of the things I found very useful to do was to work the information desk myself. Otherwise it was all done by German employees; the locals did that routinely because it required good German as well as English. He would help me out a bit with a German word that wasn't coming to me quickly. I found it was a great way to get language practice.

Q: Oh it was. Did you get into the non immigrant side at all?

PIEZ: I did that job when the regular incumbent was on leave. It was tricky because there were quite a few applicants who really should have been seeking immigrant visas.

Q: Try to sort out, distinguishing immigrants from non immigrants.

PIEZ: Yeah, we would explain that an immigrant visa was advantageous, but they didn't want to go through the paper work.

Q: Getting to the citizenship side, when I did citizenship work we had a real problem. Particularly the renewals and in those days the renewal of passports. You had Germans who had come over, who had gone to the United States, stayed for a little while. As soon as the war was over they headed back to Germany. They wanted to keep their American citizenship but couldn't if they re-established residence in Germany.

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PIEZ: Two years in your former country of origin or three years anywhere abroad and you could not renew, and that is why in those years passports expired in two years.

Q: That served an awful lot of folk. Everybody wanted to, well they would say, "I have got a medical condition." German doctors would say, "Oh yes he has to go to Spa so and so to take the baths."

PIEZ: Well in those days any German aged 40 or over got two or three years at a spa under his health insurance. Of course they all did it. They would laugh about it. It could be a pleasant vacation for them.

Q: Did you do protection and welfare work?

PIEZ: I did it on occasion when the regular officer had a cold or something. That was kind of interesting. Once I got called in by the German police. They said, "We have an American in jail here and he wants to see you." The American was a young man who tried to skip out on his hotel bill. The Germans weren't going to create a criminal record or anything, but they were going to keep him locked up until he paid. They did and he did. But anyway he was trying to beat the rap by saying he had been to East Berlin and had important intelligence because he had been picked up in East Germany by authorities there. I said, "Oh thank you very much. If there is any reason we will be back in touch." We passed that along. What I said to our officer responsible was, "A. This American is here in jail and he says he has some information, and B, if you want my opinion, and I imagine you don't, he is a fraud." So that was the end of that one. I guess the American was hoping for a "get out of jail free card."

Q: Your wife came with you I take it?

Oh yes.

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Q: You know we FSOs were living at the Carl Schurz Siedlung (Apartments). I remember some of these. It was a nice life wasn't it.

PIEZ: Yeah, and we had two children born there.

Q: At the 97th U.S. Army General Hospital?

PIEZ: My wife decided she wanted to go to a German hospital.

Q: She went to a local clinic?

PIEZ: She went to a German hospital and a German physician whose English was excellent. Two of our children were born in Bad Homburg von der Höhe, a small town near Frankfurt in the Taunus region. The birth process was handled by the physician and a German midwife who my wife recalls as one tough customer. Anesthesia was frowned upon, but the medical people were skilled and caring. Fathers were not present. They were considered too delicate, but could visit shortly after the birth. But not to touch the baby. Not sanitary. The nurses knew immediately which baby to show me. The baby was swaddled completely. The mother was usually in the hospital for a week or ten days. Shortly after a birth the mother was awarded a bottle of sparkling wine and expected to drink it all to get the milk flowing.

Q: How was the social life then at that point?

PIEZ: Quite active. With pregnancies and babies we weren't big on entertaining. We really had no obligations, but you did what you wished. It was not easy to develop German friends because we were transients and the American community was so self-contained. We did have some German friends and stayed in touch with them for many years.

Q: This was a period, I imagine it continued for a couple of years later, when almost a third of the foreign service was in Germany.

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PIEZ: Yes.

Q: We had a big community in Frankfurt. There are people we knew there I still see. We were all together and many of us were on our first tours abroad. A significant portion of the foreign service had German experience. Now it isn't anywhere near the same thing. Where did you want to go afterward.

PIEZ: I stated on the assignment preference form of the time that I would like an assignment to Africa, and after a suitable tour there I would like economic training, an academic year. This was in the period before the six-month economic training course at FSI (Foreign Service Institute), so if you had aspirations in that direction you indicated it by asking for an economic assignment followed by a training assignment to a college for a year to study. And the powers that be said, "Oh we will short circuit that and send you to your academic year now." So in the summer of '62 I was brought back to Washington. At FSI they had a very good economic cram course, one month. They used the then standard Samuelson economics text. We did that whole book in one month. Then I went back to the Fletcher school. My training officer sort of grumbled about that. He said, "We would like you to get some experience in another part of the country, but maybe it is Ok. Besides the Fletcher School is strong in international politics and law, so you won't be getting purely economic training." So I went back to Fletcher for another year.

Q: Did you get a good dose of economics?

PIEZ: Yes, as a second year grad student I took three economics courses. International monetary policy, international economics, and international economic agreements and organizations. I also took a course in Asian studies under Professor Allan Cole.

Q: How did you find your fit with economics?

PIEZ: Fine. I feel pretty comfortable there.

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Q: I was looking at time. This is probably a good Place to stop. We will pick this up next time, where are you off to?

PIEZ: Where am I off to?

Q: After Fletcher. That would be '63.

PIEZ: That is right. Remember I had a request in for an assignment to Africa. Around Christmas time a friend of mine in personnel sent me an ad he had clipped out of the Foreign Service Journal, the magazine. It was an ad for a shipping company offering to pack your effects. In the ad it said, "Assigned to Kabul?" He just clipped that out and stuck it in his Christmas card. About four months later they called me up and said, "You are going to Kabul." I said, "That is not Africa." They said, "Well Afghanistan at least begins with an A." So off we went and I never was assigned to Africa.

Q: Well I asked, after I left Frankfurt it was '58, this is just when Ghana was becoming independent. Africa was just being recognized as a continent of countries, not colonies.

PIEZ: Yes. I remember when our Consul General at Frankfurt, Wendell Blancke was assigned there. He had three ambassadorships at once, all at new embassies.

Q: This was going to be the new frontier.

PIEZ: That is what I thought.

Q: I said, "Oh send me to Nigeria." That is when Africa and NEA were one bureau. I got Bahrain, Saudi Arabia.

PIEZ: I think the reason we had that experience was there weren't many jobs in Africa. Wendell Blancke was working three countries and he had little tiny staffs. Three or four people, and an admin guy.

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Q: Ok, well I put at the end of these sessions where we were so when we pick it up again we won't forget. So we will pick it up in 1963 and you are off to Kabul.

PIEZ: Yes.

Q: Great. This is going well.

Today is 18 September 2009 with William Piez. Bill, we are starting where?

PIEZ: Well, I had completed a year of economic study in economics under State Department auspices.

Q: Was this Jules Fine, was that him, who was running the program, do you remember?

PIEZ: I really don't remember. I think I actually had very little contact with the operators of the program. They send you an order and you would proceed, pretty much on your own. You arranged your family's travel, found a place to live, and contracted with a moving company to deliver your household goods. Remember we did all this with our two children under two years.

Q: You finished the course when?

PIEZ: Well, I finished in June of 1963.

Q: Then where did you go?

PIEZ: I went to Kabul, Afghanistan, arriving there in late July.

Q: Of '63, and you were there until when?

PIEZ: Until '66. I left there in the middle of 1966.

Q: So a three year assignment. What was your job?

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PIEZ: Well I was assigned as an economic officer, having just come out of an economic training program. Our ambassador was John Steeves, a very fine person. He decided he needed a political officer instead, so I was sent to the political section.

Q: Well then what was the situation in Afghanistan?

PIEZ: It was a peaceful time. I would estimate that the population of the country was at 15 or 16 million, much less than the population today. An extremely poor country. The country still had a king. He had been king since 1933. His father, Nader Shah, had been installed by the British in 1929. He died and his son, Zahir Shah, succeeded in 1933. He was devoted to his country and to the idea of somehow establishing a constitutional monarchy, perhaps a bit like Great Britain. He was not extremely well educated and was reportedly not of any intellectual brilliance but still devoted to his country. A third country employee who managed the king's farm, and knew him well, once said that if the king was as tall as he is stupid, they would have to feed him with an anti-aircraft gun. Afghanistan had been for many years under the control of his cousin and Prime Minister, Sardar Daud. He was basically a dictator who would quickly identify his enemies and exile them, usually not abroad but to some isolated, unpleasant part of Afghanistan. He had a number of choices for doing that. I had a contact with a young Afghan who worked in the Ministry of Planning. When he was a young boy his father had displeased Prime Minister Daud and had been sent in exile to the town of Farah in the far southwest. They were very poor. My friend said that his family's Afghan bread, a staple part of every Afghans' diet, was flavored with a bitter herb so that the children would not eat so much.

Well, not long before my arrival, Daud was forced out of office. I can't say overthrown because he wasn't imprisoned, tried or assassinated. He was still around, but had been replaced. The cabinet members were almost all educated in foreign countries, many in the United States, a number of others in the Soviet Union. This cabinet attempted to establish a constitutional regime. A written constitution was prepared and approved by a meeting of leaders from all parts of the country. This body was called a Loya Jirga.

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Many members were appointed and some were elected. Elections were held, and the Loya Jirga was organized to function as a parliament with the power to enact laws and approve budgets. Another Afghan friend asked me, when the new constitution was being drafted, about parliamentary procedure. In college I had taken a course in parliamentary procedure and I still had the textbooks for the course. One was by O. Garfield Jones, who had written on the subject and prepared a set of parliamentary procedures for use in the U.S. It was based on Robert's Rules of Order, which in turn is based on the rules of our House of Representatives. I loaned him the text and, of course, never got it back. I have often wondered what happened to it.

Q: Well when you arrived, how stood things in this process?

PIEZ: Well they were very much at the beginning. I think the people still expected an authoritarian regime. And I think pretty much that is what they had.

Q" Were you able to say have good contacts with the people who were part of what you want to call the tribal assembly or the cabinet members and all of that?

PIEZ: The Afghan government and its Ministry of the Interior kept strict controls on the people. It was not expected that embassy officers would just freely roam the country and seek out trouble. The diplomatic corps was not large, and its members were well known. We were left on our own to travel and talk to anyone, but intrusive diplomats were noticed and reported. I once sold a car left with me by a colleague. It had diplomatic plates that I left on the car because I had sold it to a diplomat of another country. I reported the sale, however, to the Foreign Ministry. This was normal procedure. A friend at the Foreign Ministry told me privately that I was wise to make that report because the car with its red diplomatic plates had been spotted at a student demonstration. It was clear that this demonstration and persons involved were noticed and recorded, even though the Afghan Government did not interfere in the event at all. We knew that people we did talk to were often reporting to government officials. We knew that our household servants were

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sometimes questioned about what they might know. So it was a controlled situation. It was not that diplomats were under constant surveillance. Afghans sized you up determined if they thought you were a trouble maker or not.

Q: Well you as a relatively junior office did you make appointments to see people at ministries.

PIEZ: Yes, it was easy to visit a Ministry official. It was a good idea to telephone ahead to make an appointment, if the phones were working that day. When the phone was answered you asked for the person you wanted by name followed by the honorific sahib. You might be told, "marisas." Followed by an abrupt hang up. The word marisas meant, "he is sick." That was a frequent excuse for any absence, sick or not. The person you were calling, however, might well be sick. Tummy trouble was common. We all suffered from it now and then, foreign or Afghan. Our house had well water. The well was next to our neighbor's outhouse, just over the mud brick wall. The water could be used for flushing toilets, bathing and laundry, but never for drinking or cooking. Our Afghan servants knew all the sanitary procedures and were good at following them because they knew they were protecting their health as well as ours.

Electricity was erratic. Incoming electricity varied from 80 volts to 230 volts. We had a variable transformer that would alter the voltage to 110, if you kept it adjusted properly. Our servants and my wife and I would check it frequently and reset it often. We had no telephone at home and had no chance of getting one. The Soviet and the American aid programs were quite active. There was sort of an understanding that the programs would not tread too much into each other's project territories. So we were building highways in the eastern and southern part of the country, and the Soviets were building highways in the northern and western part. Soviet and U.S. roads finally met at Kandahar in the south. The Soviets finished their road to Kandahar after our road was done. The Soviets had a big celebration when their contract was completed. The whole ceremony took place on pavement built by USAID.

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Q: Well how stood Afghanistan as far as its international relations towards the United States and the Soviet Union?

PIEZ: Well the Afghans juggled their foreign affairs interests and relations with the two major foreign country powers rather smoothly. They had an interesting arrangement relating to Afghan police forces and domestic intelligence. The most sensitive ministry was the Ministry of the Interior which ran the police and kept watch on any political activity. That was a more important mechanism of control than was the Afghan army. Neither the Soviet Union nor the United States had any foreign aid or contract personnel in that ministry. They all came from West Germany. Afghan police officers were trained only in West Germany. It was an interesting way for the Afghans to handle it.

Q: Well while you were there or by the time you got there were we concerned about whither Afghanistan?

PIEZ: We considered it to be a neutral country but with a pretty strong Communist influence. Their representative at the UN almost always voted on the Soviet side of any issue and was recognized by American political analysts as essentially a kind of stalking horse for the Russians whenever an important issue came up. In Kabul there were communist sympathizers but not many. Ambitious Afghans wanted to qualify for education and training in the U.S. Education in the USSR was not preferred, but Afghans would take that route if nothing better offered. I would say that many of them had been trained, maybe at the university of Wyoming or someplace like that. They had good college degrees. They spoke English well. They were friendly to us. This was particularly true in the Ministry of Planning and the Ministry of Commerce. USAID advisers were assigned to these ministries and worked there every day. Ministers were quite proud to have them present and would introduce them as "my American adviser." To what extent they took their American advisers advice was another question.

Q: Was Pakistan a problem neighbor or not.

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PIEZ: It was, because the Afghans had a running dispute with Pakistan over control of the Pashtun areas of Pakistan, what is even now called the Northwest Territories. We read about it in the press even today. It was and is difficult or impossible for the government of Pakistan to assert authority there. That was the tradition going back hundreds of years. British control of the region had always been sporadic. The Afghans claimed some sort of sovereignty in that area. The Afghans called the running issue of Pushtun or Pathan autonomy the Pashtunistan dispute. The Pakistan view was that there was no issue since Pushtuns (or Pathans) were happy with the status quo and the Afghans had no basis for complaint.

Q: Well was it more a matter of sort of both sides claiming an area that neither side had any control over? I mean were the Afghans doing something?

PIEZ: Well when I arrived there, the Afghans had just ended a suspension of trade and economic relations with Pakistan over the Pashtunistan dispute. Sardar Daud had been very active in pushing that dispute. This had considerable impact on the country because there were and are no railroads in Afghanistan, but there was a railroad that went up from Karachi to Peshawar, and then for a short distance into the Khyber Pass. That was an important entry point for Afghanistan's access to foreign markets. Daud had ordered that transit route closed, thus bringing much more hardship on Afghanistan than on Pakistan.

Q: Well was there, both the Soviets and the Americans were putting a lot of aid in building roads, why wasn't somebody taking the railroad and building it up from the Khyber Pass up to Kabul?

PIEZ: Well the American aid program actually appropriated money to extend the railroad at least over the border so that goods could pass in sealed railroad cars from the port of Karachi. That would render inspection by Pakistani customs unnecessary. But there was a precondition. Pakistan and Afghanistan had to reach agreement on the conditions for operating the railroad, and they never did. While I was there our AID mission director, I

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believe his name was Delmas Nucker. Anyway, he put his foot down. He said, "Ok, you have got until the last day of June next year to conclude a transit agreement." The day came and went without an agreement, so the railroad extension was not built. It was a good idea.

Q: Did you have Peace Corps there?

PIEZ: Yes, we did. They were primarily teachers. I think they made a moderately good impact. They adhered to all the Peace Corps traditions. No access to the Embassy commissary. They were dispersed into the provinces, mostly in the southern part of the county, but not entirely.

Q: I take it as we are seeing a very hot war raging between Islamic fundamentalists called the Taliban and American and other NATO forces, and Afghan central government forces. But was Islamic fundamentalism of the aggressive kind...

PIEZ: Well it was not so aggressive when I was there although women almost without exception were in purdah. In other words, covered. The vast majority of women that you saw even in Kabul were fully covered whenever on the street. It was a conservative Muslim country. After I left, when they did hold elections for the Loya Jirga, I learned that they had elected mostly traditional religious and tribal leaders who were very conservative.

Q: As a political officer, were you able to have discussions or contact with tribal and religious leaders?

PIEZ: Sometimes.

Q: How did you find this?

PIEZ: How did I manage that?

Q: I mean what was your impression in talking to them?

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PIEZ: Well, they would speak favorably about the economic assistance that they were receiving. Then they might revert to the old Pashtunistan dispute and ask why we didn't support their obviously correct position. They might speak a bit critically about communists because they considered them godless. At times Afghans, being Muslims, might refer to Jews and Christians as people of the book. We would hear that and take it to mean that at least we were better than communists.

Q: Referring of course, to the Bible.

PIEZ: Yes. But as to their domestic political views, there was a great deal of reticence. Asked a direct question, such as might Sardar Daud return to office, they would say they didn't know, or that he still had support, but they would voice no opinion for or against him.

Q: Was there much curiosity about the United States or not. We were going through a time of considerable turmoil at that time with civil rights and also the beginning of the Vietnam demonstrations and all.

PIEZ: Very little. Afghans who had been to the U.S. nearly always had had good experiences, and certainly they envied us for our freedom and the opportunities they did not have in Afghanistan.

Q: Were you married at the time?

PIEZ: I was married. We had two children born in Germany. We had one born in Kabul. The American embassy operated a very small hospital. It was the only State Department hospital in the world, and our youngest daughter was born there.

Q: How did you find life there?

PIEZ: Well in many ways it was very difficult. You could not employ a female servant unless you got someone from India, which we did do. You could not drink the well water.

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Every house had a well and sometimes a pump to carry water up to the roof tank which supplied the plumbing in the house. The Embassy had a deep well. It was Ok, but you had to tanker in water from the embassy in huge metal containers made in Kabul. The food from the bazaar, everything had to be sanitized. There was no going out to Baskin and Robbins. Across from our house there was a butcher. His inventory would be brought in every morning on the hoof, and during the day these animals would be slaughtered, carved up and sold. At the end of the day there would be nothing left but bones, hide and blood. It was really crude. Kabul supplied water to homes via a traditional system of irrigation ditches located on both sides of every street. One day a week, usually, the ditch outside would fill with water and you could allow the water to flow into your garden. The same ditch was used to carry away waste.

Q: Were you able to have much social contact with Afghans?

PIEZ: Yes, well with the educated Afghans. Most of the officers in the Foreign Ministry and other Afghan agencies were glad to be entertained. One of our contacts was the son of the wealthiest Afghan, who was in exile at the time, but his son was not. He would come to our house because he loved cherry pie. So my wife, or a servant carefully taught the task, would always bake him a cherry pie for lunch. His name was Rahim. The other reason people would come was alcohol. They could get it in diplomatic homes, but not legally sold in the bazaar. . It is not easy to get it in Kabul where strictly Muslim rules prevailed. And there were some Afghans who wouldn't drink. So you would have soft drinks for them.

Q: Did you have much contact with the Soviets?

PIEZ: A fair amount. They enjoyed coming to our homes. They enjoyed access to our liquor supplies. Their station chief at the time was a considerable alcoholic. At one party I saw him pick up a martini from a tray and pour it into a glass of beer. Then he took the beer and drank it down. There would be teasing and bantering back and forth with the Soviets.

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Q: Was this the place that had a lot of volleyball games?

PIEZ: No.

Q: You didn't have volleyball. The Soviets in Africa would set up these volleyball games, and they beat the pants off of us every time because they are good volleyball players. Most Americans weren't up to volleyball.

PIEZ: When it came to sports the Afghans played soccer, and on rare occasions the game of buskashi played on horseback.

Q: That is with a sheep.

PIEZ: Well the carcass of a sheep, and the winner succeeds by dragging it into a circle. It can be very violent because the players whip their horses and each other, pushing and shoving. If you go off your horse then there is the danger of trampling.

Q: Did the outside world intrude much in your work? Were there things happening?

PIEZ: Not too much. Very little tourism. Occasionally we would have a hippie hitch hiking through thinking maybe this was a place where he could have better access to drugs, which at the time we were there was only partially true. Probably they could get marijuana.

Q: Well what about so much heroin. Were they growing opium?

PIEZ: Were they growing opium? It was prohibited, and I think there was very little of it. While I was there I was approached by a health ministry official who said they had seized six tons of opium that had been brought in through India and Pakistan, he said. He asked me would the United States like to buy it. So I reported that to Washington and got a very quick sharp negative reply saying we weren't even to think about talking to them on such

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a subject, and that their only proper recourse was to burn it. The Afghans of course were hoping for money. I never learned what happened to it.

Q: Were the provinces more ruled by governors, war lords what have you?

PIEZ: Well of course the local religious and tribal chiefs had enormous influence and basically settled local disputes. To the extent there was a court system they managed it. There were governors appointed from Kabul for every province, and normally if it was a Pushtun province they would not appoint a Pushtun because he would be too beholden to the local traditional authorities. They would appoint a Tajik or perhaps an Uzbek in the hopes that he would be a little more loyal to Kabul than to the local people. To illustrate, we had a case where an American crossing the border from Pakistan and was still driving on the left side of the road as is the rule in Pakistan. He collided with another vehicle and killed a significant tribal figure, I think the son of a chief. Well the driver was insured internationally and the insurance company had a good Kabul representative who negotiated with a tribal leader. There was a traditional financial penalty paid to the family. The sum was determined through direct talks with the family of the deceased and it was paid. The whole thing was settled insofar as all the local people were concerned, and the American was released from detention. He wasn't actually confined in jail but he was being kept in the country. He was given his passport and he proceeded to leave. Then we received a note from the Foreign Ministry that he had not been cleared for departure by the Ministry and was not granted permission to leave. Well he had already left.

Q: So of course you called and asked him to come back.

PIEZ: Our consular officer asked me, "What do I do with this note?" They had sent our Embassy an official note on embossed letterhead and legal size paper. We didn't get many of those. I said just write on it "noted" and your initials and the date, and he did. And the foreign ministry was perfectly comfortable because their position was protected.

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Q: How would you find morale or effectiveness of the embassy?

PIEZ: Well one always thinks your Embassy is effective in pursuing and preserving U.S. interests, but nevertheless as to morale, some people just couldn't cut it. They might have a tummy that grumbled and growled all the time, a certain amount of diarrhea. Some felt that there was nothing to do. There were no movies, no TV, and only one international club which most people found boring. There was no music on the radio that you would want to listen to. I had a shortwave radio but could not pick up BBC or Voice of America. There was not much of a real social life for staff even though Embassy staff did entertain each other. There were some sports such as tennis on the Ambassador's tennis court. The British Embassy had lovely grass tennis courts. Well irrigated. We found it challenging. Some liked to travel in the countryside and frequent the local tea houses which you could find anywhere in the country. As foreigners you were extremely welcome among the people who were naturally very curious. If you stopped for a picnic by the roadside in a totally empty desert region, you could spread out a blanket. Your children would be there, and you would get out some sandwiches and soft drinks. Soon five or six Afghans would just sort of turn up, just spring up out of nowhere, and they would join you. They wouldn't touch your food, which might include pork, but they would wait for the empty soft drink containers because those were valuable. If you gave one to them they would probably give it back and ask you to use your can opener and take the top out to make it into a cup. The conversation with them would be limited because our language training focused on Farsi, the Afghan version of the language of Iran, because that is what was used in government and business. Very likely they wouldn't speak Farsi. They might speak Pushto or Uzbek or some other language. But they had some words which everyone knew, basic words like Salamaalekom which is really universal not only to Afghanistan but to that part of the world. Another common word was baksheesh, which means gift or bribe.

Q: I take it you took to it.

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PIEZ: We enjoyed it. It was a great place for young kids. They had their play groups and their ayah. She was wonderful with them. We have pictures of our children wearing Afghan garments, a suit for our son and a dress for our older daughter. They were made by an Afghan woman who lived next door to us. We had very little contact with them since she was in purdah, but they knew who we were and what we were like. She sewed these lovely blue garments for them.

Q: You had just arrived I imagine when President Kennedy was assassinated. How did that hit the embassy in that area?

PIEZ: Well I lived some distance from the embassy. I did not have a telephone. At the time of the assassination I was the embassy duty officer. A flash telegram came through in the middle of the night to Embassy Kabul. There was one telegram announcing he was shot, and then another announcing his death. It came maybe 20 minutes later. We received them instantly. Our communications were up and running as usual. The Marine on duty at the embassy sent the reserve car and a marine to my house and I was the first diplomatic level person to learn about it. I immediately went to the ambassador's residence and got him out of bed. Of course it was a total shock. Everyone rushed to the Embassy. We had to determine what the protocols were under those circumstances. How to put a black drape on the American flag. How to inform the government of the country and the Diplomatic Corps. We produced a formal diplomatic note, embossed seal and all, and delivered it to the Foreign Minister at his home before dawn, in the hopes of getting to him before anybody else or at least not to seem delinquent providing that information officially. During that day there was a huge gathering at our Embassy of the diplomatic corps and Afghan officials to express their condolences and sign the condolence book. Many Embassies in Kabul joined us in flying their flags at half mast, except China which at that time we did not recognize. The Chinese discreetly flew no flag at all that day.

Q: Did USIA have much of an apparatus in Kabul.

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PIEZ: USIS (U. S. Information Service) operated a library next door to the embassy. It was I would say lightly patronized. They were not able to run extensive speaking programs or films but they did provide information. There was the daily USIS bulletin. We knew that English speakers in Kabul of all nationalities liked to read it. There was one English language newspaper in Kabul, and that paper really depended on USIS, though not for all of their material, and of course the Russians were getting to them also. But they really depended on that daily feed.

Q: Was there much of an Indian or Pakistani# presence there?

PIEZ: Virtually none. Because of the Pashtunistan dispute and its leftovers, there was no Pakistani presence other than a formal embassy. India had an embassy, and at one time a number of Indians had been employed in Kabul as clerks or accountants. What the Afghan government had done was, on the grounds of creating jobs for Afghans, simply to let the residence permits of the Indians expire. Consequently there were very few Indians or Pakistanis. A very few working for foreigners were allowed temporary status. We were able to bring in an Indian ayah and she lived with us.

Q: An ayah being a nanny.

PIEZ: A nanny, but she did everything. She didn't clean, but she cooked very well. I think she produced some of the best curry in Kabul. Ambassador Steeves had served in India a long time and loved curry so he and his wife were very appreciative.

Q: How was Steeves, later director general of the foreign service.

PIEZ: Yes he was.

Q: But how was he as an ambassador?

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PIEZ: Well I thought he was fabulous. He was a very dignified, active person. He played tennis and golf. He kept a horse and rode weekends and many weekdays early in the morning. He was quite friendly with the king and the members of the cabinet. On the Fourth of July he had virtually every cabinet member show up. I remember at a party in conversation with some of the more aggressive types from the Soviet embassy he was just as cool and correct as anyone could imagine, not being baited in any way, just above it all. It was just exactly the position an ambassador should take.

He often gave black tie dinners for ten to fourteen guests. I was protocol officer and did the seating arrangements. A secretary wrote place cards for each person place at table. Mrs. Steeves always sat at the foot of the table even if that meant two men or ladies would be placed together. I therefore encouraged her to invite eight or ten guests with equal numbers of each gender, since ten or fourteen at table made the seating work out well. An embassy junior officer or secretary was often tasked to greet the guests and stay for a drink. If a guest failed to show up that person would stay on to fill the empty place at table. If you caught that duty you had to wear black tie or an equivalent gown.

On one occasion there was a mix-up and Wali Shah was seated in a place which should have been for Shah Wali. This was serious because Shah Wali was the king's uncle, while Wali Shah was only his nephew. Shah Wali and Wali Shah did not care in the slightest, but Mrs. Steeves did. She spoke to me about it but, knowing I had been in Kashmir on leave when all this happened, she and I finally laughed about it. We became good friends. She marveled that my wife had her third child in Kabul. For a time we had three children under age three. Mrs. Steeves was surprised to learn that we were not Catholics or Mormons.

Q: Well it does seem that in Afghanistan there was civil connection between, civil, I am using it in terms of politeness, connection between the Soviets and the Americans. I mean there was some intercourse there. In so many places they simply moved in different orbits.

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PIEZ: There were unofficial exchanges with them. You would see them socially. They would occasionally target an American and try to turn him. Of course we were on the alert for that. I recall one USIS officer who sometimes seemed unconventional. A Soviet officer tried once to ply him with liquor. That amused us since the USIS officer was a dedicated non-drinker.

Q: Of course this is the turn and turn again thing. Often neutral countries particularly in Africa were seen as happy hunting grounds for both the KGB and the CIA for going out and bringing in cookie credits for turning American or Soviet officials to the other side.

PIEZ: Well I had nothing to do with turning anybody, but you could tell that there were certain people from their embassy who came a-hunting.

As I said there was some informal coordination with the Soviets. USAID had a program to map Afghanistan, the southern half. The Soviets also had a program using aerial photography and all the techniques of map making, and they did the northern half. The line between the two was clearly defined and the maps did not quite match. The contour lines would miss each other when you compared the two map sets. I was instructed from Washington to buy several sets of those maps, Soviet or American made. I imagine they are still in use.

Q: Well you left there in '66.

PIEZ: Yes.

Q: What rank were you then?

PIEZ: Well let's see. I arrived as a six and was promoted once.

Q: That was kind of captain level.

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PIEZ: Yeah, and I was promoted to five while I was there.

Q: Major, mid career officer. Junior mid career.

PIEZ: I shared an office with a more senior political officer for a while named Frank Schmeltzer. He was very clever. He was the sort of person who enjoyed calling a spade a damn dirty shovel. He set a high standard for reporting. At the time one reported mostly by despatch. Your reporting was not usually by telegram but in a typed despatch. No computers. By that time the State Department had at least dropped the formula opening for despatches “, which was, “Sir, I have the honor - -.”

Basically we each wrote and sent two a week. There would be a short one, maybe a page, and probably be a longer one, and occasionally one of us would write a despatch of several pages. We worked hard to gather and report useful information. Our translator kept a watch on the Farsi language press run by the Afghan Government. If the reporting deviated from what the Government controlled English newspaper reported, we would note the difference and often report that and the reasons for it.

Frank had a contact with an Afghan dissident leader named Nur Mohammed Taraki. Frank would pick him up after dark with the car lights turned off. We would slip Taraki into Frank's house for dinner when his servant had the day off. Often I attended to make a group of three. Taraki had once been assigned to the Afghan Embassy in Washington and spoke English well. I suspect he got the assignment to get him out of Afghanistan. I believe that Taraki was an honest and sincere man. He lived very modestly. He had rather na#ve ideas about economic issues. He favored a very low price for the traditional Afghan flat bread, and did not understand when I suggested to him that too low a price would cause farmers who grew wheat to grow other crops or eat the wheat themselves, causing a shortage of bread. Taraki did eventually become Afghanistan's Prime Minister. That was in later years when the Government allowed political parties, but after only a few months in office he was killed by political rivals.

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Q: I have interviewed Frank, and actually Frank and I started our careers as you did in Frankfurt.

PIEZ: And there were significant Afghan officials who would drop by his house uninvited for a drink.

Q: Frank was very musical. When he retired he was writing a symphony for performance.

PIEZ: Oh yes, he was brilliant. He had brought a baby grand piano all the way from India to Kabul. It was probably the only one in the country I think.

Q: Well then where did you go in '66?

PIEZ: Well I was transferred via home leave to Manila. About halfway through my tour in Kabul I was moved to the economic section after the Commerce Department officer in Kabul was transferred and not replaced. So I was needed then in the economic section. After that I was transferred as an economic officer to Manila.

Q: Let's talk about the economic officer. Was there much economic activity to report about Afghanistan?

PIEZ: Well at the time we still had a CERP, the Comprehensive Economic Reporting Program. It was of global application and in Kabul it was somewhat strange because there were some things it required me to report like what is the rate of growth. Nobody knew, of course. But it was my job to meet those requirements, and I did as well as I could, while explaining the difficulties. USAID had three or four American advisers in the Afghan Ministry of Planning and they quite rightly said that they did not know the growth rate either.

Q: Yeah, sometimes you get these requirements, for example, to report on the fishing industry in Afghanistan.

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PIEZ: The most amusing example was when we were required to report on the American business presence in Afghanistan. The American business presence consisted of one person, Peter Baldwin, who had flown to Kabul in 1946 in a surplus DC-3 to pick up Afghan Muslims to take them on the Hajj at Mecca. After that he just stayed.

Q: A DC-3 being a Douglass...

PIEZ: A two-engined workhorse aircraft of WWII, a transport aircraft. Anyway he stayed, and he was the entire American business community. So one question I had to answer was does the ambassador meet on a regular basis with the American business community or its representatives. Yes. The ambassador might see him twice a week or once a week. The ambassador often had black tie dinners, and he would invite Peter. Peter had the Ford agency so you might see him when you had your car serviced.

Q: Did the diplomats bring out a golf course of some sort there?

PIEZ: There was an all desert or all sand golf course. I never played it. Nine holes. It was easy to get a caddy and hard to find any real grass, or the ball.

Q: Ok, then you are off to Manila, and when did you arrive there.

PIEZ: I arrived there after home leave and Christmas in the U.S. That was in January of '67. I had a four year tour ending in '71. Actually I was there a little over four years.

Q: Your job was what?

PIEZ: Well I was called the financial officer. That was a job that a Treasury officer filled for some years until Treasury decided to leave it vacant. But that left an office and some sort of a title and also a bit of a job description which I took over. The Treasury Attach# had good contacts at the Philippine Central Bank, and I was fortunate to inherit them.

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Q: Who was the ambassador at the time?

PIEZ: William Blair was the ambassador. A very good guy. I have been in touch with him since. He still lives in New York City. He is quite well-to-do. He and his wife had Hollywood contacts and one of the things they did was show a current Hollywood film every Sunday night at the embassy. It was a favorite and prized invitation among Filipinos.

Q: Let's talk about the Philippines from '69 to '71. You arrived there in early '67. What was the situation in the Philippines would you say.

PIEZ: Well Ferdinand Marcos was the president, having been reelected after, I believe, a reasonably clean but really a very adept campaign. He really knew how to run for office. One device he used was not to fix the balloting, but to fix the pre-election polls. As a big poll winner he would be swept into office through the bandwagon effect, which was always strong there.

Q: And his wife too.

PIEZ: And his wife. She was younger and attractive and very smooth.

Q: Also in '67 the war was going hot and heavy in Vietnam. The Philippines was a support base.

PIEZ: That was a major topic in our discussion with the Philippines at the time. The bases — the Navy had a very substantial base there at Subic Bay, and the Air Force had Clark Field in Central Luzon.

Q: What was the feeling that you were picking up. When you arrived there obviously one is all ears on what is going on. What was the impression you were getting on the support in the Philippines for our involvement in Vietnam?

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PIEZ: There was nominal support. I would say there was a general recognition by Filipinos of the facts. There was some concern about a communist threat should South Vietnam fall to a communist regime, but I think they saw that as quite distant. I think they felt that their democratic institutions were quite strong and not particularly threatened. Filipinos are quite devoted to elections and they really enjoy election contests. There were vestiges of a Marxist communist insurrection in central Luzon, but they felt that it was under control. While I was there the difficulties in Mindanao, in the far south, where there is a Muslim region became...

Q: That was more of a Moro thing.

PIEZ: Yeah, and that was a region that had been in rebellion from time to time all the way back to General Pershing in 1906.

Q: What sort of things were you concerned with in your job?

PIEZ: Well one of my tasks was to demonstrate the economic benefits that the Philippines got from our base presence and the support we gave them when they sent an engineering and construction regiment to Vietnam. It was not a combat outfit, but the Philippine army for a time did have a regiment located near Saigon engaged in community building and military construction. Anyway I was repeatedly asked by my colleagues, "How many dollars are we dumping into this country?" It was quite considerable. There were many Filipinos then, and still are, who were veterans of WWII, and who were able to draw veterans benefits and disability benefits. The U.S. Treasury maintained a large office in the embassy where they honored these commitments and mailed monthly dollar checks to a very large number of Filipino beneficiaries. Also they did social security.

Q: It must have been a cultural shock to move from a small embassy like Kabul to this huge operation in Manila.

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PIEZ: Yes it was. Filipinos sometimes asked about how hard it is to live in such a poor country. I would tell them they were about a thousand years ahead of Afghanistan. You want to see poverty, go to Kabul. But there is deep poverty in the Philippines too. Unfortunately it is one of those countries with a small number of quite wealthy people, and a huge number of people living at really a subsistence level.

Q: Which continues to this day.

PIEZ: Yes, unfortunately.

Q: My background is that of a consular officer, and of course I have never been to the Philippines. Consular ranks are replete with stories about consular problems in Manila — fraud and all. We have had several consuls general who were implicated in one way or another — either sex scandals or visa scandals, but all connected essentially to visas. How stood things when you were there? Were you hit with visa requests?

PIEZ: Occasionally, yeah. If you accepted an invitation, well sometimes you wouldn't because you were sure that it would produce a request for visa assistance. That was always in the background.

Q: How did you find social life there?

PIEZ: It was very active. Although the Manila press took great joy in attacking the United States, individual Filipinos were remarkably friendly and hospitable, almost universally. They would talk about the happy colonial times. You always wondered what was behind all of this friendliness. Are they going to take you for something? But I think it was genuine. They liked Americans.

Q: Well yeah. There was a mutual liking there. Americans like and often marry Filipinas. There has been a lot of immigration and the Filipinos have been relatively successful in the

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United States. Were you too far down the social food chain to get involved in the Marcos' big parties and all of that?

PIEZ: No, I didn't do that. Certain embassy officers did. We had one officer whose job included dealing with Mrs. Marcos' personal requests all the way from providing particular cosmetics which she couldn't buy locally to participation at her parties and so on. It was a bit diabolical really. She entertained some embassy wives periodically at a bandage rolling event. This goes back to WWII when women would get together and prepare Red Cross gauze bandages. This was support for the local hospitals that didn't have very much money. Somehow or other this was the domain of the wives of political officers, so my wife didn't get to go. It sounded at first as if it was a kind of territorial thing, that the political officers in the Embassy were reserving it for their wives. Actually it was protection. They did it so that the rest of our spouses would not have to. Mrs. Marcos, at such events, would occasionally circulate a clipboard and ask all the ladies present to sign their names and put down a thousand pesos or five thousand pesos as their contribution to her pet project of the moment. It might be the refurbishing of a local park. She would have workers bring in sod and spruce up the park and paint everything and sweep the sidewalks. Really a dumping ground would become a beautiful park. Her project was supported by well-to-do Filipinos, and Americans, and others Mrs. Marcos would organize to contribute to park reconstruction, or a hospital, or an orphanage, and to burnish her image. That was part of life in the Philippines.

Q: Were you able to travel much?

PIEZ: Yeah. You could travel anywhere. A favorite destination was Baghio in the north because it was at an elevation of over 4000 feet and not so hot. So it was a way to escape the tropical heat of Manila which is virtually year round. The embassy had a cottage there. There was also an ambassador's residence, a summer residence going all the way back to 1908 or something. We didn't stay there. Its second floor bedrooms have beautiful

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polished mahogany floors. The floors were heavily pock marked by the hobnail boots of Japanese soldiers who occupied it during World War II.

Q: Well now back to your job. What were the financial issues with the Philippines because that was sort of a tricky economy.

PIEZ: Exchange rates, the management of reserves. I inherited from the treasury representative the monitoring of the central bank and the commercial banking system which was very active. There are about 30 commercial banks, and there was ample ground for uncovering information and reporting. The Philippine government also had a pretty good system for statistical reporting on the economic system. So you could draw from official records, something we didn't have in Kabul.

It was fascinating also to learn how corrupt officials, from Marcos on down, would manipulate markets or projects for their personal benefit. Some insiders would brag quite openly about their successes in such endeavors.

Q: In so many countries our economic officers are really hobbled because you can't relay on the government figures.

PIEZ: They were pretty good in the Philippines. Often they were slow in coming. A lot of this was inherited from the U.S. regime when the Philippines was a territory.

Q: Was there a problem, we had so many Americans there, of Americans involved in financial schemes?

PIEZ: There was one American whose name now escapes me who was quite well-to-do. He lived in Manila. The U.S. IRS (Internal Revenue Service) was doing its best to catch him somehow. They had gotten the Philippine government to seize a lot of his records and turn them over. Thereafter he refused to file a tax return on the grounds that he didn't have the records. That was a running dispute. It was strongly suspected that the Philippine

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authorities kept enough pressure on him to keep him paying bribes, but not enough to force him to leave the Philippines.

Q: Now the four years or almost five years you were in the Philippines, was the Marcos regime changing from a popular elected one into a more almost a dictatorship?

PIEZ: Well the beginnings were there. The real crossing point came after I left when Marcos declared martial law. But he had been working on martial law. At one point he very privately asked our ambassador what the U.S. reaction would be if he declared martial law. So we in the embassy knew he was thinking about it.

Q: Were the Philippines a source of investment in the United States at all?

PIEZ: Limited. There were American investors there in mining and ore processing, in the stevedoring business and the concrete business, but the Philippine government was extremely ambivalent about inward foreign investment. They frankly feared that foreign interests would be too competitive, make good money and then send their profits home. My private conclusion was they welcomed any American investor who was willing to come and lose his shirt. But if he was going to make a profit and take some of it home, then they really didn't like that.

Q: Well what about the reverse? Was there an outflow of capital from the wealthy in the Philippines to the United States to make sure that when times got bad they had a nest egg outside of the country.

PIEZ: Well I don't think capital flight was a major factor in the economy overall, although that changed as Marcos stayed in office and became more confident and greedy. Some corruption proceeds were exported, no doubt. Filipinos, if they had the resources, were careful to maintain some foreign balances and some foreign assets. I think that one thing they did was build a sort of escape kit. If things got really bad locally they had a car ready to go to the airport.

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Q: A green card.

PIEZ: A green card would be perfect, but they would take less than that, any kind of visa and some funds abroad so they weren't going to starve when they got there.

Q: How was social life?

PIEZ: Well it was pretty active. For example, my wife and I, and sometimes our children too, would be invited to the annual picnic of a bank. All the bank employees would be there and the senior people would sort of show us off. Here is my friend at the American embassy. (Ask him for a visa.)

Q: That is always. I used to find when I was consul general in Seoul, I hated to go to cocktail parties. I would just go there and the next thing I know I would have some Korean pushing me up against the wall talking about his high school classmate who wanted a visa in the worst way and all, and it could turn out the worst way.

PIEZ: It really was the worst way. A consular officer could never win in that situation.

Q: Well in talking to the Filipinos did they bring up the Vietnam War?

PIEZ: I wouldn't say they often brought it up, although there would be plenty of reporting about it in the local press. There was an active English language press in Manila. And the English language papers had quite a bit of influence, and some of the columnists were really vitriolic. But if you ever met one socially they were just all sweetness and flowers.

Q: Did you find how were your relations with that other foreign power i.e. the State Department and Treasury Department in Washington. Were there lots of demands for reports or was it fairly routine?

PIEZ: I never felt pressure about what to report. There was plenty going on to write about if you kept your eyes open. I did do my part of the CERP. The CERP then included a

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comprehensive economic report twice a year and so a little bit of institutional rivalry was there because I wanted to write that report, and the commercial attach# would have been the one normally tasked to do it. I found they were all of them perfectly willing to have me do it. A little bit of laziness showing up, until finally at the end of my tour we got a somewhat different kind of guy as commercial attach#. His name was Walter Lenahan. He said that he wanted to do it. I said, "Fine." And he did a very workmanlike job, nothing for the embassy to be ashamed of. He later became a deputy assistant secretary at Commerce.

Q: Well then again here we come to 1971. Whither?

PIEZ: Ok, in May of that year, I was transferred. I stayed that long because the academic year for the kids in school ended about that time. I was transferred to Washington and assigned to the Economic Bureau.

Q: In the economic bureau was Frances Wilson the czar there?

PIEZ: She was administrative director, yeah.

Q: She was a civil servant but a major and a very positive person for the Economic Bureau.

PIEZ: Well she did manage the career situation of economic officers, whether they were in the bureau or not, by setting certain rules and working hard to get compliance. She must have had a prodigious memory for names and the qualities of economic officers. Every economic officer was supposed to be assigned to the bureau early in their careers. Once you started there, you were expected to stay for four years. You might switch to a different office or a different DAS (Deputy Assistant Secretary) within the bureau at the two year point. That was the way she got to know the people and she got to have some say in the kind of assignment they should have in accordance with what their talents were. She was very effective.

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Q: My understanding I have talked about her influence. One thing was she basically raised the standards of the Economic Bureau. The other was she helped in her own way just looking to develop a very professional core who had not really been there before.

PIEZ: And she firmly supported economic training programs.

Q: I am sure she did.

PIEZ: I didn't participate in the six months economic course that she successfully fostered. I was a little too early for that. But that training course really made a huge difference. I noticed it when abroad and I would be in charge of an economic section, and I would get a new officer out of that course. That officer really knew his or her stuff. If you asked about a marginal propensity to consume, he would know what you meant.

Q: Well you know it is one of the grand stories of development within the foreign service the political officers always dominated. You might say it was a much softer philosophy. You can write what you think about something. Whereas with economists you are trapped within...

PIEZ: You are supposed to analyze a situation and stay with the facts.

Q: And the recruitment of foreign service officers for political work tends more toward the BS [bullshit] side.

PIEZ: Well, yeah. A political officer could say well Marcos is going to win the next election. Now a wise political officer once told me never to forecast an election. Report what the experts and the political community are saying, but don't yourself predict what is going to happen. Whereas, as an economic officer, you can't get anywhere near that sort of speculation. Anyway I always felt I had plenty of scope. Reporting and analysis of economic facts and interests was always well received.

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Q: Well where did you go in the economic bureau?

PIEZ: I was assigned to the office of trade in the section concerned with developing countries. "Developing countries," of course, was how we described countries that had not developed. Whenever, in the assignment process, I was asked what do you want to do I always put down my interest in working with developing countries. That was tied in with my suggestion that I would like to go to Africa. Anyway in my new job we were working at the time on generalized preferences. The UN and the UNCTAD were very much committed to it. The proposal was simply that developed countries should charge zero duties on their imports from developing countries. The U.S. was still considering terms and conditions. Finally President Nixon decided that it should be done. Fred Bergsten was then working in the White House and I think he marshaled the arguments and wrote the necessary papers, and the President made a decision to find a way to do it. One of my jobs was to work on those details and to deal particularly with the Commerce and Labor Departments because they had interests in this matter. Zero duties on imports from so many countries could, after all, have impacts on American workers and business.

Q: Did you find in your trade job when you were wearing that hat, were there any particular countries that you were looking at?

PIEZ: No, not really because the major concern was the whole group of developing countries. We would get involved in which of the underdeveloped countries were classified as least developed, and how can generalized preferences be tilted to give them an extra break by reducing tariffs for the products of those countries.

Q: Well I would think that Africa would be almost perhaps the exception itself, Africa would fall into, I am not sure you agree, but the poorest countries. The ones with really nothing going for them.

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PIEZ: Almost all of the African countries were considered least developed (LLDCs), maybe not Kenya or the northern countries, Egypt, Morocco, Libya. You go to the Sahara and further south, one after another, Nigeria, Cote d'Ivoire. Whatever.

Q: Well as you look at these countries particularly after using your analytical tools do you see much hope for them as far as becoming self sufficient players?

PIEZ: I think that the problems will continue because of population pressure and the power struggles they have, as in the case of Nigeria. The production and export of petroleum gives them a tool to help the masses, but they don't use it properly. How do you get them to use resources well to lift up the whole country? Well, as outsiders I am not sure how we make people do what they ought to do. When we offer aid it understandably comes with terms and conditions. The most important condition is don't waste the money or use it to help only those who don't really need it. Then we are told, "We like your aid, but you have too many terms and conditions."

Q: Well in these places corruption is a terrible sort of a cancer because it eats away at the very vitals of the economy.

PIEZ: Well one of my conclusions in the Philippines was corruption in and of itself does not have to be all that damaging, provided the people who benefit from corruption invest in productive enterprises that create wealth and employment in their own countries. But so often they are engaging in capital flight. That is very good for production and employment in the United States or Europe.

Q: How did you find the State Department, particularly the Economic Bureau? Was it fun to work there or was it too trumped up. At least your experience.

PIEZ: My immediate supervisors were highly qualified, excellent officers. They listened to my ideas. I developed a project to look at last year's trade data to see what the impact of various options on generalized preferences would be. That proved to be fruitful and

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helped us bring along the other departments. My study showed that zero or reduced duties would not cause much disruption, and that moderate safeguards could be applied to protect us against import surges which could cause us trouble. So I think it was a good and productive environment for me while I was there.

Q: Were you on the trade side the whole time, all four years?

PIEZ: Well no, and what happened, and maybe we are coming to a breaking point, is that I was telephoned quite by surprise one day by the Japan Country Director who said, "Come and see me." He offered me a job, and knowing Frances Wilson's rule, I said, "Maybe I am interested but I don't think so." Well I turned out to get the job anyway, and that was after I think 17 months in the Economic Bureau. Well I had come to a breaking point on GSP (generalized preferences) because we had a complete legislative package to go to Congress with all of the agency support in place and it wasn't a bad time for me to move on. But it was breaking one Economic Bureau rule.

Q: Why you and why Japan?

PIEZ: Well they had a need for an economic officer, not someone who spoke Japanese but someone who spoke economics. Because we had cabinet level talks with the Japanese coming up.

Q: Well this is the Nixon administration, and Japan economics were a major thing because it had political implications in the Republican party in the south and...

PIEZ: There were specific issues like that. Textiles was one, and there were general issues like the balance of payments and the trade deficit.

Q: Also had the Nixon Shocks happened at that point yet?

PIEZ: Yes, they had.

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Q: These were the two, one was going off the gold standard and the other was the recognition of China, which had hit Japan particularly hard.

PIEZ: We could have easily avoided that by just tipping them off at the last minute that Kissinger was on his way to China. But at the last moment it was decided not to do that, to catch the Japanese surprise, but also to assure that the Japanese would not be able to leak the story.

Q: Do you want to stop here?

PIEZ: I think it is a good breaking point.

Q: Today is 25 September 2009 with William Piez. Bill, where are we now?

PIEZ: Well we are just at the point where I was re-assigned from the Economic Bureau to the East Asia Bureau, Japan desk as the senior of two economic officers.

Q: What year was your assignment?

PIEZ: Ok, it was early in '73.

Q: And you were doing that until '75 or so.

PIEZ: Yes, until the summer of '75.

Q: Well this was right around the time when we were going through, I mean Japan loomed very high on our economic agenda. The Nixon shocku on gold but also textiles and China recognition.

PIEZ: Well we had running problems and negotiations with the Japanese on textiles. We also had running discussions on Japan's growing trade surplus with the United States and the world.

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Q: Well what piece of the action did you have while you were there?

PIEZ: Well I was specifically wanted because for some years we had had an agreement with the Japanese establishing a U.S.-Japan Economic Council, called ECONCOM for short. It had been invented after the failure of the planned Eisenhower visit way back in 1960.

Q: Oh yea, I have ambassador MacArthur talking about White House Press Secretary Haggerty and him getting mobbed on the road in from the airport and the whole canceling of the visit.

PIEZ: Secretary Haggerty arrived at the airport, and his limo never got downtown I guess. There was a huge student demonstration particularly focused on the new security treaty.

Q: Was it Zengakuren or something that the student movement called itself. It had a name.

PIEZ: It was one of those Japanese acronyms. It was called Zengakuren (National Federation of Students' Self-Government Associations). But anyway because the President couldn't go to Japan, it was felt we needed another high level forum. It was decided to have the economic oriented members of the two cabinets meet roughly once a year in alternating capitals. I think that the first conference would have been held sometime in the 50's. They had proceeded, not absolutely every year. When I arrived at the Japan desk, we had one maybe a year and a half before with the Japanese coming to Williamsburg, and then to Washington where, using the State Department auditorium, there was a meeting of the Secretary of State, the Secretary of the Treasury, the Secretary of Labor, the Secretary of Commerce and others, plus their Japanese counterparts. The two countries really discussed the whole range of economic issues. There was a little story of some interest at that time. The meetings at Williamsburg were primarily social and tourism oriented. The main event was a big dinner for all the Japanese representatives in the very elaborate dining room of the Williamsburg Inn with all of its colonial fixtures.

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Everyone was in a reception room, and when the dining room was ready, the doors were opened and everybody entered into this beautifully arranged and outfitted candle lit dining room. One of the American foreign service officers overheard a Japanese saying in Japanese to another Japanese, "They must have had a power failure." I think that is a good illustration of cultural difference. The Japanese had no familiarity with the idea of a candle lit dinner. That was a first for them.

Q: What were our concerns?

PIEZ: My job was to make arrangements for the next ECONCOM, which was scheduled for June of '73. They brought me in without quite saying we are dropping this hot potato into your lap. It was like a presidential visit in that you needed a complete briefing book for all the U.S. cabinet members with a paper on every issue that was going to come up or might come up, and there were a lot of them. Every U.S. agency with an interest in Japan, and there were many, contributed to the preparations and all briefing was cross-cleared with them. We bureaucrats were up to our necks, and this was before the time of word processors.

Q: There must have been a lot of coordination between the Treasury and the White House and all this.

PIEZ: Oh yes. The first step was an inter-agency meeting. I think it was nominally at the deputy assistant secretary (DAS) level, but many agencies sent lower level people. That was Ok because the lower level people are often better informed about the particulars. At that meeting there was agreement on all the topics we thought should be covered and every agency contributed to that list.

Q: Well the list at a certain point must have gotten way too long didn't it?

PIEZ: Well actually I think we had it pretty well under control, and there was always the possibility of combining topics. It had to be judiciously organized so that every agency

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knew they were full participants. One way you did that was to parcel out the initial drafting, which we did. Treasury got to write on all of their own issues, for example, as did Commerce and Labor and other agencies.

Q: Were you drawing on what had gone on in the year before?

PIEZ: Very little. I looked at the book and the record of the previous Williamsburg ECONCON and realized most of that was history. We had moved on. Now we had exchange rate issues. The yen was still fixed at 360 and Treasury was beginning to show an interest in that and the implications of Japan's fixed rate.

Q: Had we already gone off the gold standard by that time.

PIEZ: That was one of the shockus when Nixon had announced that the U.S. would no longer buy or sell gold at \$42.00 an ounce.

Q: That must have caused a real dislocation in financial relations.

PIEZ: Well I think in the event the changes really weren't that great. The Japanese still had a fixed dollar price for the yen and they didn't change it until much later. They were able to defend it. Foreign exchange markets weren't telling us the yen was improperly priced, but there were still questions about it. The Japanese kept the Yen stable by using surplus dollars to buy U. S. Treasury securities. It worked, but later on those issues certainly had to be dealt with.

Q: I particularly think of textiles because Nixon's political base had moved into the south which was textile country, so he was particularly sensitive to the textile things. The Japanese at that time were a textile country before they had moved beyond that. How did that play out?

PIEZ: Well we had annual negotiations with the Japanese over textile quotas. Year by year those negotiations became ever more complex because the quota was split up into

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categories, blouses, dresses, underwear, men's trousers, even textile findings, a category which comprised things like waist linings and pockets and parts of, say, men's trousers. The Japanese had a quota for a certain number of those "findings" which they could ship to the U.S. U.S. companies would then sew those into the trousers they were making. You had various interests involved. Some people in the United States wanted those quotas to be quite high, retailers for example. There were others who thought that was really a bad idea. I remember at one point Nixon had appointed a former Chicago bank president named Kennedy as chief textile negotiator. He was given the rank of ambassador, and he was given access to the White House pool of aircraft, so he would arrive on an official aircraft to conduct those negotiations. He came to the Philippines when I was there.

Other issues, especially market access problems faced by U.S. exporters became important. We had annual talks on those problems also.

Q: What sort of role did the Japanese embassy play at this point?

PIEZ: I don't think they had a major role in most of the negotiations. The negotiations for the most part tended to take place in Tokyo. Perhaps one reason was that the Japanese liked it that way because then all of their agencies could be represented, and their presence in the room was always double or triple the number we had. They liked to bring in junior officers for training and experience and note taking.

Q: Well did you find, you almost were negotiating with two powers. One with the Japanese national interest at the time, but also the Japanese bureaucracy. Did you almost feel that the bureaucracy which can in many countries become dominant just because they can say no. Did you find them a power to be reckoned with, or did you get decisions at the top and they would be translated down the line?

PIEZ: Well, the Japanese bureaucrats certainly were a power to be reckoned with. The Japanese had this concept of administrative guidance. It was called "gyoseishido" In Japanese it came up so often that even Americans untrained in the language would call

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it “gyoseishido.” Anyway the bureaucrats could take advantage of some pressure from us because it allowed them to go to their industry people and say, “This is what you need to do.” They liked being in that position since we would be strengthening the authority they already had. The interest of the industry was not necessarily to eliminate the quota. They wanted to resist on principle, but they did a good business under quotas because then they could plan their production in detail, and each company would, for example, have a quota share of so many men's shirts, allowing it to ship say 50,000 men's shirts. They would say Ok, we are going to do 5,000 a month, and we are going to have two months off for refitting the production line for next year's fashions. We will auction our production to the big American retailers. They could make a lot of money. And the market in the U.S. was not flooded with competition, so they got pretty good prices.

Q: As we were dealing with the Japanese at that time were countries such as Thailand important? Obviously China was not in the business.

PIEZ: Not at that time.

Q: But Indonesia, were these other countries up and coming and were you beginning to find that the Japanese equation was no longer a controlling factor.

PIEZ: Certainly over time the textile negotiations with Japan were not the critical part of the whole textile framework. One of the arguments we would use with the Japanese was well take India, Bangladesh, or Pakistan as examples. Our textile quotas actually promote their development, and that is in Japan's interest too, because they become better markets for your other exports. It was really a very complicated topic, and I think really as a matter of policy, we used our textile quotas not only for our domestic political purposes but also for economic purposes.

Q: How for economic purposes?

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PIEZ: We'd say, "Well Bangladesh, you want our help developing your economy. How about shipping us 50,000 pairs of pants." They would say, "Sounds like a good idea to us," and they would do it. It would create income and employment in Bangladesh.

Q: At that time were you but also others people looking at how the world was going to change, Japan was going to move more into electronics. Were you watching a moving stream where the stream is moving to a different area.

PIEZ: It was definitely a moving stream. They were big in electronics and big in autos. At one point a bit later in my career we negotiated TV quotas with Japan. They got a quota to ship us about 1.8 million TV sets a year. Later we negotiated automobile quotas with Japan. Those were in effect for about three years.

Q: I have to say that when you think about this, we make a big deal about sort of free trade and all. But here you worker bees in the State Department and elsewhere were sitting around and saying Ok, you can make so much and you can send so much. This isn't free trade. This is regulated trade.

PIEZ: Definitely. Free trade in theory, quotas as a matter of practice. But I will say this about textile quotas. I found that, although so many countries were highly competitive in textile and clothing production, when I wanted to buy clothing for myself or my family, we bought in the United States. We ordered from Woodies. Why? Because, although the quotas were protecting the U.S. industry, the best quality, the best selection, and the best prices were obtained in the United States, even though the products might have been imported. We could go to Hong Kong or Korea. We did not find textiles or clothing there that was better than clothing from home. If you want a not so great suit, have it custom made in Hong Kong. It is an anomaly but what I think it tells us is that, although a number of economists have figured out that our textile quotas were quite costly to the American consumer, if you were a smart buyer, the quotas weren't really hurting.

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Q: American shirts for example would hold up better than most foreign ones.

PIEZ: A lot of them were made in Hong Kong. If I went to Hong Kong I did not find shirts of that quality any cheaper. They cost what they cost in the U.S. If I wanted a really good shirt I would order it made in New Jersey.

Q: Were you dealing with anything else or was this pretty much it?

PIEZ: We started off dealing with ECONCOM. That ECONCOM was held in '73 in June. It was so successful that we never had to have another (ironic tone). No, in fact what happened was that the Jerry Ford administration broke the ice and President Ford went to Japan. There were no demonstrations, and everything went beautifully. It was worked out in a very interesting way. The Emperor wanted to come to the United States and because of the fact no American president could go to Japan at that time there were reservations about this. But eventually it was worked out. The Emperor came to the United States, which he very much wanted to do, and the visit was a public relations success. That was all you could ask because the Emperor had no political role whatsoever. With that event as background, Japanese good manners could not fail to invite the U.S. President to visit Japan and receive him warmly.

Q: Well, he got along. He was very much a part of the war with the United States.

PIEZ: Oh yes, but he came to the United States, and then President Ford was able to visit Japan without any untoward events. And after that we could exchange presidential visits, and Japan also eventually hosted the group of eight (G-8), which would involve a presidential visit as an add on. That high level back and forth became part of the structure of the relationship, and we didn't need ECONCOM any more.

Q: Well it is interesting to go back to that time because we haven't been since the Eisenhower visit, if your chief of state can't go to a country, it does complicate things. That

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puts a reservation on things. It is not that things are awful but it doesn't speak to a full relationship.

PIEZ: You can compensate any way you want to and you may be able to deal with every political issue, but there still is a gap at the top.

Q: Yeah. Did you get involved in anything else?

PIEZ: Immediately after ECONCON we began to become much more involved in the exchange of regular negotiations with the Japanese on issues like textiles. Michael Smith was a foreign service officer who eventually became our top textile negotiator. I started dealing with him when he was in the economic bureau office of textiles as a working level officer. He and I became pretty good friends. Whenever he was negotiating with the Japanese and later on even with other countries, I tended to be involved, one of the people at the table.

But one example that might have escaped notice was the subject of cigarettes and tobacco. We had repeated negotiations with the Japanese on the subject of their informal controls over imported cigarettes. Interesting history there because during the Russo-Japanese War the Japanese were literally running out of money, and they went to the New York bankers who said, "We need some security if we are to lend to you. What you might do is set up a tobacco monopoly because that will be very profitable and it will give you the means to service the loans you are asking for." The Japanese said, "Oh, that is a smashing idea." And they did it. That tobacco monopoly still existed in 1973 and still exists today, although it is not as strong a monopoly.

Q: Tell me in the country of Japan what a tobacco monopoly means.

PIEZ: Well it meant that the production and marketing of all tobacco and cigarettes was controlled by a government agency.

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Q: For sort of snob appeal and all, American brand cigarettes for better or worse, maybe for worse, are desired by people, Lucky Strikes, Camels and all of that. I mean would the Japanese buy them and sell them?

PIEZ: They would, but under Japan tobacco monopoly control. The monopoly would buy them all packaged and ready to go and they would arrange for their marketing in certain tobacco outlets. The monopoly would offer foreign brands only in a limited number of tobacco outlets, thus holdings down sales. Advertising was limited, and advertising of foreign brands was subject to additional limits. These could be quite subtle, such as never advertising a foreign brand on tobacco delivery trucks. Imported brands paid import duty at rather high rates. Local and provincial taxes were also imposed at equal rates for all brands.

Q: With stamps. Revenue stamps.

PIEZ: Yes, of course they would have the Japanese revenue stamps. But the package looked very like the American package because that is what the Japanese consumer wanted.

Q: Was there any feeling that you are dealing with a deadly poison. I mean we know today that smoking kills thousands of people.

PIEZ: American negotiators were well aware of that. We would go into negotiations with the Japanese and their negotiators would all be smoking. None of the Americans would. I remember we had negotiations where we had ten or a dozen American representatives at the table and not a single one of them smoked.

Q: That is interesting because it was 1964 that the surgeon General's report came out. I knew the year because that is when I quit smoking.

PIEZ: Well by the late 70's many Americans weren't smoking.

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Q: Americans of sort of the educated level had pretty well stopped.

PIEZ: Yeah, I mean...

Q: Did you feel any twinges of guilt?

PIEZ: Oh yeah, and there were some Americans on our side who were saying we really shouldn't be promoting these cancer sticks. But the response was we were not promoting them. We are only asking the Japanese to treat the imports the same way they treat the domestic product.

Q: How did the negotiations come out?

PIEZ: Well in negotiations we said to the Japanese, "If you want to solve the problem, you will only be allowing the market to work. In other words you will let Japanese cigarette buyers buy foreign brands as they want, and not limit the supply, and not limit the number of outlets that can carry them, and you will either abolish the tariff or abolish the monopoly." Well they weren't about to abolish the monopoly. But they did finally abolish the tariff.

Q: In your experience particularly in the 70's you found that Americans and Japanese could reach agreements.

PIEZ: Oh yes.

Q: I mean this wasn't a matter of both sides stonewalling.

PIEZ: Right. And interestingly enough as I look back on it, I cannot really recall a situation where the Japanese really gave up anything important to them. They would ease up on the beef quota. They would throw in 10,000 additional tons of beef this year, "But don't ask us for the same next year," they would say. "It is not a precedent." On all of these issues we would make some progress. Our negotiators would go home and say, "Well here is half

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a pound of bacon. It is not a whole pound but it is something.” We were able to manage the relationship that way. As I look back on it, the Japanese, the tobacco monopoly still survives. It is still an important source of revenue for the Japanese government. I suspect that demand for cigarettes overall in Japan has tapered off a bit, and the American market share sort of settled in at around eight or ten percent. But we resolved issues.

Q: Were there any other issues you were particularly involved in?

PIEZ: Well we had long running negotiations over the Japanese managing of the exchange rate, and by degrees they backed off on their market interventions. Treasury was the lead negotiator. The yen is now maybe 93 to the dollar instead of 360. However, the details of the negotiations were quite fully controlled by the Treasury Department. That was a proper role for them. My experience with Treasury was when you met them in an inter-agency meeting preparatory to dealing with the Japanese or anybody else, they were smart and tough and very demanding. But when they sat down with the Japanese they were skilled diplomats in their approach. They were very cool and correct in dealing with the Japanese. They might tell me we have really got to pound the table, but when they talked to the Japanese they weren't pounding the table, but they were persuasive .

I recall one Treasury negotiator who was prepared to be quite tough on the Japanese representatives. The day before the talks opened he went shopping and lost his wallet with money and his passport. He went back to a store he had visited and they sent him to the local police station. It was nearby. In Japanese cities small police posts can be found in every neighborhood. At the police post he found his wallet had been turned in with money and papers untouched. His impatient attitude with Japan changed remarkably after that. I would not say he backed off on any negotiating essentials, just that he became more patient.

Once I lost my wallet in a hotel restroom. I did not miss it until I got home and found that the hotel had already phoned to tell my wife that they had it.

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Q: You know sort of knowing the Japanese pounding the table really didn't work very well did it?

PIEZ: No.

Q: It just wasn't negotiating.

PIEZ: In Japan if you lost your temper, the Japanese concluded that it was a moment of insanity that will pass. And it would.

Q: Well then where did you go after...

PIEZ: Well I stayed on the Japan desk until '75 and then was assigned as economic counselor in Tokyo and I went to Tokyo in '75.

Q: Tokyo from '75 until when?

PIEZ: 1980. It was almost exactly five years.

Q: Good God.

PIEZ: I was assigned for four. I asked for an extra year for personal reasons. The tour extension made it possible for my son to remain in the same American high school in Tokyo until graduation.

Q: Ok, you are out in Japan in economics. Who was the ambassador?

PIEZ: Well when I arrived there it was James Hodgson. He had been Secretary of Labor and he was the ambassador then. Our embassy at that time was in a temporary building. Our old embassy, going back to maybe 1930, was being torn down and rebuilt. Part of the contract called for a temporary building nearby which the contractor put up. It was all made out of prefabricated panels, so it would be easy to take apart and trash. When I arrived in

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Tokyo there was no economic minister, no economic counselor until I got there, and no commercial counselor, so I had all three jobs.

Q: You say you were an economic counselor. You say there was an economic minister.

PIEZ: There was an economic minister, one of five in the world at that time.

Q: An economic minister would be a rank above you.

PIEZ: Yes, and he was presumably in charge of the State People, the Commerce People, the Treasury attach# and others as a sort of inter-agency economic complex...

Q: Because we had so many important economic ties to Japan and we had all these different people there he was made sort of the super director in order that he or she could direct all these units. That was, and you would be in charge of sort of the Department of State and that type of stuff?

PIEZ: Yes. The economic portion.

Q: First let's take an overall look. In '75 how stood relations with Japan?

PIEZ: Well relations were I think on a very positive basis. It was in '72, after approval by President Nixon, that the reversion of Okinawa to Japan was concluded. That really removed a major impediment to a friendly relationship, and the Japanese immensely appreciated it.

Q: Well you know we have talked about this before. In State Department language there was a quick battle for Okinawa which was between essentially State Department people and U.S. marines who didn't want to give up any sovereignty or control over Okinawa. This was a battle that raged for some time in the corridors of the State Department.

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PIEZ: But actually the Pentagon found a very capable army general to take command in Okinawa, and he worked very effectively to make reversion work while protecting the interests of both the Marines and the army contingent there.

Q: Richard Snyder...

PIEZ: Dick Snyder, yes, he was the major negotiator in the State Department.

Q: Yes, it is quite a diplomatic history there.

PIEZ: Yeah.

Q: So this thorn in the side had been cleared away by the time you got there.

PIEZ: Yeah. One interesting consequence of reversion was that the Japanese came into possession of the dollar funds in circulation in Okinawa. Under U.S. administration all of Okinawa used U.S. dollars, not yen. At reversion the Japanese Government replaced dollar cash and bank accounts with Yen. The question was what to do with the dollar funds. It was agreed to set up a U.S.-Japan Friendship Commission as an independent federal agency endowed with the dollars released at the time of reversion. The Commission promotes education and information programs conducted in both countries.

Q: And also the opening of China and going off the gold standard, those shockus had run their course, so were things on a pretty stable course?

PIEZ: They were on a pretty stable course. There were glitches, sometimes quite unexpectedly. While I was on the Japan desk it was decided in Washington we would suspend exports of soybeans in order to reduce ran-away prices in the U.S., so we had the soybean shock. That occurred in '74.

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Q: Yeah, what was behind this?

PIEZ: Well what was happening, particularly on the commodities market in Chicago, was that the price of soybeans was just going crazy. It was decided, and this was cleared by the Secretary of Agriculture with Secretary Henry Kissinger, that we would just suspend exports. Well Japan was a huge market for soybeans.

Q: You are talking about soybeans.

PIEZ: And the Japanese had committed contracts with U.S. suppliers of soybeans and poof, the contracts were suspended.

Q: This is like cutting out hamburgers to the United States. This was huge. I mean when you were doing economics at the time...

PIEZ: I was on the Japan Desk when this suddenly occurred. I called my counterparts at Commerce who agreed with me immediately, and then I called Agriculture and said, "What have you done?" Their Japan experts immediately reacted. Within a day they had changed the order to say half of the contracts could be fulfilled.

Q: What happened. I mean had this thing worked itself out by the time...

PIEZ: It did work itself out very quickly in a practical way in that half of the contracts were approved for fulfillment the day after the announcement. I think they announced it on Sunday and the half-way pullback appeared on Monday. The price in Chicago immediately moderated. Then within about 45 days the whole thing was lifted. So for 45 days the shippers were working on half the contracts. Using that allowance they were able to make normal shipments.

Q: Of course the problem is if you do something like this, if you are in Japan soybeans are as important as oil practically. If your major source shows up as untrustworthy.

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PIEZ: In 45 days the practical problem had disappeared, but the emotional problem was still there after I arrived in Tokyo. It reminds me of President Roosevelt's statement that he and Eleanor didn't mind political criticism, but Fala did. The shipment of soybeans to Japan continued, but still the Japanese minded.

Q: The dog.

PIEZ: Well the Japanese had to concede that they were getting all the soybeans they could use. But they still resented it. When the Secretary of Agriculture made a trip to Japan some time thereafter to smooth the waters, if you will, the Japanese invited him to a dinner where the menu consisted entirely of soybeans.

Q: Well you can do that with tofu and all.

PIEZ: They have so many things you can do with soybeans, so they put together a complete meal.

Q: Well in the first place how did you find the embassy apparatus there. I mean you were pretty high up in the hierarchy of the embassy. How did you find the officers, the morale, the efficiency?

PIEZ: Well Ambassador Hodgson was I think a very effective representative. The basic work of the embassy was left to the DCM. That was Tom Shoesmith who was a very competent language officer. The political section was heavily staffed with Japanese speakers. We had an excellent translation section. I got complete translations of the daily press in Tokyo. The local press was very active and the morning papers had huge circulations. I would have those translations by 9:30 or 10:00 in the morning. So we had a very good system for keeping track of public events and personalities. Now on the economic side I will say that Shoesmith rarely interfered. He wasn't sending me memos of instructions. He would sometimes ask me a question, usually a relatively difficult question, but he used a kind of Socratic method of managing. It worked as long as you did your job.

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Many assignments came by telegram from Washington. Because of the time difference we would get most traffic during the night.

Q: When you say assignments, what do you mean?

PIEZ: They would say we want you to convey the following to the Japanese government, and to obtain their cooperation or assistance or information, whatever is needed. The request might relate to strategic export controls. Japanese exporters did not always conform to the rules, even though the Japanese Government had imposed agreed restrictions. Another example would be a message about someone in Washington who wanted to go to Tokyo to open discussions about an issue. Or we would have a Congressional visit to arrange. My practice was if possible to answer those instructions the same day, which was good because with the time change the State Department people would be receiving my late afternoon response in the morning of the next day.

Q: How did we view, was it MITI?

PIEZ: Yeah, Ministry of International, Trade and Industry, now renamed the Ministry of Economics.

Q: But that at that time was your principal...

PIEZ: Mostly we went to the foreign ministry and the foreign ministry was quite jealous of its prerogatives. At times they would say don't go to MITI; come to us first. But it just couldn't always work that way. We would need to go to MITI without the advance permission of the foreign ministry. But we worked it out. We kept the foreign ministry informed.

Q: I assume that the LDP, Liberal Democratic party was very much, did they have any policy towards the United States. Was it get along or were they confrontational? Did you have any fears that might be translated into...

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PIEZ: I would say the top policy maker was really the prime minister because the U.S. was too important to leave to the generals, as it were. Our ambassador had access to the prime minister, and our DCM, Tom Shoesmith, had access to the office of the prime minister for any critical issues. The questions often related to security. Day to day the security relationship was quite smooth, but then really bad bumps in the road that would occur, such as when a marine had raped somebody. Rarely one of those really dreadful incidents would occur.

Q: Down in Okinawa you had really young troops there, and every once in awhile one or two would go wild. Well tell me, you got there in '75 and the whole situation in Vietnam collapsed at that point.

PIEZ: Yes.

Q: Did that have any effect in say well the United States said it would stand by South Vietnam and it didn't. You know sort of a requisitioning of our commitment to Japan.

PIEZ: I don't think the Japanese felt that was their problem at all. I think they were just relieved.

Q: They just got that off.

PIEZ: Their real concern was Korea and Japan itself.

Q: And Korea at that point was pretty much under Park Chung Hee. I mean it was a pretty good period. I know because I was there from '76 to '79 as consul general. There wasn't any great love lost between the Koreans and the Japanese.

PIEZ: Well, no, the Koreans actively hated the Japanese down to the very bottom of their guts. I think maybe it has ameliorated since, but much of it is still there. You don't have

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40 years of Japanese colonialism of the type the Japanese imposed without creating enormous resentment.

Q: Well the Japanese made the Koreans change their names, adopt the Japanese language.

PIEZ: The language of instruction in schools during the occupation was Japanese. The names issue, I recall learning from Koreans, was intensely sensitive. Within a day, after the Japanese occupation ended, all of the Korean names reappeared because the Koreans all knew what those names were supposed to be according to Korean tradition. Anyway the enmity was certainly there, but the Japanese greatly valued the American military presence in Korea. Most of what the U.S. military did in Japan was keep a logistics base.

Q: Did you go over to Seoul from time to time. We were always having somebody from the embassy including Ambassador Mike Mansfield and Secretary Hodgson come over.

PIEZ: Well some Americans came to shop, although I must say I did not find Itewan a good place to buy anything. My kids, when they found I was going to Seoul would say, "Don't bring me any clothes from Itewan."

Q: Our ambassador in Korea at the time was Dick Snyder who was the great Japanese expert having basically done the Okinawa treaty. This was sort of his reward. Was there any stirring that came to you about I guess it was the northern territories, the Kuriles. I always thought this was the greatest gift we could have had was the Soviet intransigency on restoring these stupid little islands. It kept the Soviets from having any influence in Japan.

PIEZ: Yeah, that was the effect. The splinter Japanese rightist organizations would sound blast the Soviet embassy from their trucks about twice a month. The Japanese security

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police would be all over them protecting the Soviet embassy, but not obliging them to lower the noise level.

Q: What about we had just opened our relations, we didn't have a full embassy, we had an interest section in China at the time. But the Japanese just have been looking at China as big as it is as being a potential if nothing else in the trade business. Were you getting this from the Japanese?

PIEZ: Well it was very much under wraps. The interests of the Japanese included trade; the potential for trade with China was enormous. But they were very cool. They had so many issues with China over apologies for World War II and over the prime minister's visit to the graves of Japanese war dead.

Q: Japanese war cemetery.

PIEZ: Yeah. This inevitably irritated the Chinese, and the Chinese had a number of issues about the content of Japanese school textbooks.

Q: Well the Japanese never really attacked the problem of war guilt. You go to Germany the Germans have done a remarkable job.

PIEZ: They were side stepping. The Japanese policy was one of what I would call bob and weave. They just kind of hoped it would go away.

Q: What was your impression of the Japanese bureaucrats that you dealt with?

PIEZ: The Japanese had a very effective education system going all the way back to the Meiji era based on European standards up to University level where they based their system on American standards. It was an effective education system and their bureaucratic recruitment for all of the key agencies was quite similar to the State Department's system for recruiting foreign service officers - tough exams and real screening. Now in the foreign ministry employees are at four levels. The top track, we call

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it top track or first track, was drawn from college graduates in international studies or law as they called it. Their law faculties were much broader than law. Students graduating already had a fair command of English. That was absolutely required for a top track job. Beyond that there was a second track of officers who became country experts. They were also expected to have a good command of English. They might be experts on the United States, Canada, Great Britain, India or any other country where English is important. Second track officers might also specialize in Arabic or Spanish or French. They would spend their entire careers in their language areas. The third track was like our foreign service staff level, and in the bottom track were code clerks and typists and that sort of thing. If you were recruited into the top track you were virtually guaranteed an ambassadorship unless you really blotted your copybook badly along the way. So they were well educated, well trained, smart, and very effective.

Q: Did you find you had to know more about some of the people you were dealing with than let's say if you were talking about an American. I was wondering if you had to know which high school and which university they went to and some of the ties. These ties are very important aren't they.

PIEZ: They were certainly important to the individuals. We knew what they were because they were quite free about telling you about that. They would say, "I have been to Tokyo University." The acronym in Japanese is Todai, and a very large number of their officers in MITI or the foreign ministry or the finance ministry came from there.

Q: With the economic slump were we also looking at the labor movement in Japan?

PIEZ: Well to some extent. We had a labor attach# and an assistant labor attach# and the Department of Labor would fill the attach# position. His job was really to keep track of the labor unions. They could really be of political importance. So he was counted as part of the political section. But the embassy was always quite well covered in that respect.

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Q: Were we at all concerned as Americans we get more concerned about social matters than other countries. Were we concerned and looking at the role of women in Japan?

PIEZ: Not too much. There were always questions from time to time about the prospects for the women we knew who were working their way up in the Japanese bureaucracy. MITI, I remember, had one woman who became the trade minister in the Japanese embassy in Washington. For political reasons recently she was foreign minister for a while. So we were beginning to see the appearance of women in the Japanese bureaucracy in the top tracks.

Q: As I say I was in Korea almost the same time you were in Japan, and we found ourselves in Korea just as a hiring practice, the American embassy was considered to be a top job even in a secretarial level because if you were a woman and you were married, you were sort of dismissed. We didn't care if they were married or not. And also our hours were shorter, and they were also treated better. What sort of things were you looking at in Japan?

PIEZ: First of all the economic prospects for Japan and their economic plans. The Japanese are great planners. Particularly we were concerned about the impact their economic plans would have on trade with the U.S.

Q: Were we seeing sort of the proclivity of the Japanese, the normal Japanese saying they were not as good a consumer of our stuff as we would like them to be.

PIEZ: Yeah, and we had particular sticking points with the Japanese. We had very important markets in Japan for grain and soybeans. But when it came to processed foods, no. Those industries in Japan were quite well protected with tariffs and they observed informal practices of simply not buying imported stuff. Orange juice, for example. It was notorious if you ordered orange juice for breakfast in a big hotel this was an extra. It would cost you ten dollars because there was a quota on citrus fruit. A very strict quota.

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Q: Well also on rice, I was told that American rice wouldn't fit the Japanese stomach or something like that.

PIEZ: Well, we had in the United States a pretty active lobby for the U.S. rice producers in California. They would work very hard to somehow make a breakthrough into the Japanese market. At one point there was a severe rice shortage because of a crop failure in Korea. The Japanese stepped up and said we will sell you rice. Japan had a surplus of rice left over from prior years. There was a lot of heartburn in the U.S. because U.S. rice producers wanted the Koreans to buy from them. So we had lengthy negotiations over Japanese rice exports. The internal price for rice in Japan was extremely high, maybe eight or ten times what American consumers of rice were paying. The Japanese were used to the high prices. To export they had to sell for much less, hurting the market for every other potential supplier.

Q: Also this was designed to protect the rice growers, and these were people sitting on prime real estate.

PIEZ: Sometimes. More important, they tended to vote in a block for LDP candidates.

Q: Well it in a way was like what was happening in Europe.

PIEZ: And in many districts it was critical to the election of LDP members to the diet. Very sensitive politically.

Q: Well did you turn rice negotiations, orange juice negotiations, these were taken pretty much on the trade negotiators.

PIEZ: Yeah with the Department of Agriculture big players, and USDA kind of torn because they valued the market for grain and soybeans, but they also wanted the market for these specialty products.

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Q: And also we didn't want too many TVs going in so there was an awful lot of trading back and forth I guess. Were there concerns, you were on the country team weren't you?

PIEZ: Yes.

Q: Was this a period of say pretty stable relations?

PIEZ: On the whole, yes. We might have specific problems on trade issues or on quotas, our quotas and their quotas, but as I say they were reasonably well managed without a whole lot of damage to effective and profitable trade relations in many sectors between the two countries.

Q: Well this is a period I remember reading reports coming out, people trying to sell in Japan, that there were all sorts of obstacles put in their way and their being able to sell this and that. But the basic thing was that it was pretty much quid pro quo wasn't it?

PIEZ: Well yes, we would work out those issues, or some of them anyway. The American business community in Japan was extremely active. It was growing during the years I was there. Through the American Chamber of Commerce in Tokyo, they took an extremely active interest in all the topics under negotiation. If the U.S. Trade Representative came to Japan, his appearance at an event given by the American Chamber of Commerce was a matter of routine. So we had those people as well as traveling company representatives as a continuing presence in the background whenever anything came up. Whether it was a Treasury negotiation over financial issues or anything else.

Q: Were relations with Japan and North Korea and all a subject of concern to us?

PIEZ: I don't think so, no. The issue of North Korean abductions of Japanese hadn't developed at the time I was there. There was a faction of Koreans in Japan's Korean community that was oriented towards North Korea.

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Q: It has always been there. It has always seemed to me to be sort of remarkable.

PIEZ: Yeah, and somewhat similar to the fact Japan has a communist party. The communists would elect maybe ten percent of the Diet, but they were really of very minor significance. There was practically nothing they could do except what members of our Congress would call client services. It was important to them to get re-elected. That was about it.

Q: There was a period, I guess in the 80's, maybe I am wrong, maybe it started before, where the Japanese were riding pretty high as regarding income and all that and they were investing and buying Rockefeller Center and Movie companies.

PIEZ: Oh yeah and some people feared that they are going to own all of American farm land. They bought one farm. It caused a press panic.

Q: Was this going on in your time?

PIEZ: Oh yes. I think half facetiously an officer in MITI that I knew once said, "Well we have this huge accumulation of treasury bills and bonds and this huge trade surplus, so why don't you sell us California?" Our response, even more facetiously, was, "Do you really want it?" But there was a time when at least nominally all the land in Japan was worth more than all the land in the United States. And all the land in Tokyo was worth more than all the land in California. But there was a huge bubble of land prices in Japan and in '91, when their recession began, the major part of it was the popping of that bubble. Land in Japan was way over valued.

Q: Was it more or less apparent to everyone that it was more or less over valued?

PIEZ: I think so .We would report this to Washington along the line that of course you guys already know this. And they did. It was published data often reported in the press.

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Q: There was not much you could do about it.

PIEZ: What we might have done was to report formally someday this is going to burst and it is going to cause a recession. But it was one of those things that was considered common knowledge. The Japanese certainly knew it, but the banks continued to accept the land at these high assessed values as collateral for lending.

Q: How did you find the banking system?

PIEZ: Well it was a powerful private banking system and very closely tied to the large Japanese corporations, the trading companies and the manufacturers. There were some variations. Toyota was so profitable that they had practically no borrowed capital and was itself practically a bank. But that was exceptional. The trading companies operated quite steadily on credit from their related banks.

Q: How was life for you and your family? You had a son.

PIEZ: I had a son and two daughters. It was a very comfortable place to live. During the time we were there, the housing was convenient and of good quality. We had short commutes that was a big benefit and very much in the government's interest too because it meant practically all of the professional embassy staff was really on call. In Bangkok, for example, our officers often have a long and difficult commute, and that is a hardship. But we had no pressure of that sort in Japan. There were no problems of supply. You could get anything you wanted. It was not a country where you could employ household staff. It was just completely priced out of reach. So people had to be quite self sufficient on that end. But Americans are used to that. That is how we live here after all.

Q: Absolutely. What about social life? Were you finding a change, were the Japanese at the professional level more open to contact or not?

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PIEZ: It is difficult for the Japanese to entertain at home, so typically they would entertain in restaurants or hotels. Often times they would have an allowance to facilitate that so you got invited to events on someone's expense account. They would often relate their entertaining to visitors from out of town or some seasonal event. New Years was a big holiday time and after New Years they would catch up on their social obligations. We could entertain at home. The Japanese were glad to come to those things. And always quite curious to see how Americans lived.

Q: Well you left there when?

PIEZ: Well I left there in 1980 to come back to the East Asia Bureau to the Economic Policy Office. I was the office director.

Q: You were there from when to when?

PIEZ: I was there for about two years. In 1983 I left that job. Transferred again.

Q: Well what was this '80 to '83 period. We have been talking about economic difficulties. How stood Asia at this point?

PIEZ: Well at that time it was the region of the economic miracles. You have got Korea, Taiwan, Singapore, Malaysia not too far behind. Vietnam was settling down. We were dealing with some of the political issues like the POW/MIAs. We had an extensive structure of regional organizations in Asia. We had ASEAN (Association of Southeast Asian Nations). We had the Asia Pacific Economic Council (APEC). It included Australia and New Zealand. The American Chambers of Commerce in the different countries had their organizations in the region and they met every year dealing with various questions of their business interests in the Asian countries.

Q: From your perspective when you got there in 1980 what were sort of our economic concerns?

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PIEZ: Well there were still trade issues, and we still had a number of questions relating to encouraging our exports, and the increasing importance of China as an economic power was certainly of interest. A lot was going on there.

Q: Well how did we feel about China? Did we see China as a potential market? All this oil for the lamps of China idea that this is a great market, at the same time if this thing starts going it will flood us.

PIEZ: Occasionally you would have someone say if every Chinese lengthened his gown by one inch there would be a market for 80 million square yards of cotton. Well Ok. I was not too impressed with that sort of thinking. We didn't see China developing as a threat in particular, but certainly Chinese economic development was very much to be desired. China as a poor country was not something that would be to our interests at all.

Q: Was India included in your bailiwick or not?

PIEZ: When I was in the bureau, No. That was part of South Asia and still the NEA bureau. We went as far as Burma and after Burma that was it.

Q: During the time you were there, two years or so, did the investments in Thailand and Indonesia were they beginning to go sour? Were their economies in pretty good shape?

PIEZ: On the whole they were. Indonesia had some pretty forward thinking industrial and economic leaders. I think it was pretty well known the system was highly corrupt. To get into the category of economic or industrial operations in Indonesia you had to have connections. But on the whole the country seemed politically stable, and economically developing at a reasonable rate. There were continuing problems in the Philippines. Thailand was doing well. The East Asian financial crisis occurred only after I had retired.

Q: The Marcos regime was beginning to come apart right while you were doing that.

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PIEZ: It was during the Carter Administration that the Marcos regime collapsed. Richard Holbrooke was our Assistant Secretary and he was concerned that Marcos be replaced, but in an orderly fashion and without violence. That was how it worked out, essentially, although economic advancement in the Philippines was still slow and sporadic.

Q: This was the Reagan administration, at least after you were there Reagan came in. You know, Reagan being a Californian and all, also his people were from California, so they must have been a little more oriented...

PIEZ: More oriented toward East Asia. The Reagan Administration came in while I was in Washington. I recall that, during the Air Traffic Controllers strike, I was on night duty for a time. Because of the time difference a lot of the traffic on related issues came in at night. Our concern was to keep flights from and to East Asia operating safely as much as we could.

Q: Did you feel that you were getting your due share of attention in the State Department.

PIEZ: Oh yes. Ambassador Mansfield, one of his repeated expressions was the U.S.-Japan relationship was the most important bilateral relationship in the world, bar none. He could make that case. One might choose to argue, but he had a pretty strong case. President Reagan kept him on as ambassador, a wise decision.

Q: But also to the point where you take a look at the situation you have differences. If you look at say Europe. You have a whole bunch of countries, but they are all rather cohesive. But when you look at Asia you have only really got Japan.

PIEZ: Well Japan was clearly by far the second largest economy in the world.

Q: China, you didn't know where it was going. Korea was in the middle of a dictatorship. Park Chung Hee had been killed...

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PIEZ: The harsh realities of dictatorship.

Q: It had problems and of course you had the other countries, Sukarno and Marcos. So Japan was sort of the keystone of holding things together. How stood during this time were there any particular issues with Japan?

PIEZ: Well I think that was a period beginning in 1980 when the Treasury Department really started working very hard on the question of the exchange rate. There was a break through early in that period and the Japanese gave up their 360 rate. They ended up negotiating that with Treasury in some detail because the Japanese intention was to upvalue the yen but then fix it again. They settled on 301 and a fraction. There were last minute negotiations over the tenths and how many tenths. It was interesting. I find in many negotiations, after all the big issues are settled, there are many nettlesome little ones.

Q: They say the devil is in the details. Well basically you are still dealing with sort of the same people in East Asia that you have been dealing with for a long time.

PIEZ: I had continuity.

Q: Except China was changing wasn't it.

PIEZ: Yes.

Q: How did you feel about China at that time? Where was it going? What were you thinking?

PIEZ: Well I think at that time the developments in China - Deng Xiao Ping and the economic changes were seen as very much in our interests. So we were more than glad to see all of that progress. Yet there was a recognition that a country that big and with that potential was going to change the landscape of Asia and of the world. Of course Washington was awash in China experts, all of whom had an opinion on what was going

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to happen next. My own feeling was that China would be making those decisions, and that we would be on the margins.

Q: Well here you are now, you have moved up so you are dealing with the whole thing. Did you find that the China Hands and the Chrysanthemum Club and others, was there any problem?

PIEZ: Not really. I didn't find that there were difficult economic or bureaucratic rivalries operating. There were regular meetings held by the East Asia bureau assistant secretary with people from the National Security Council staff, the Pentagon and the Treasury and the East Asia bureau people. I would sometimes attend in place of the DAS who was the regular member. Those events went very smoothly.

Q: Well then I was looking at the time. It is probably a good place to stop. So we are up to 1983.

PIEZ: Up to 1983, and at that point I was sent back to Japan to become the economic minister. We will pick that up there.

Q: You were getting close to the time when things began to fall apart did they or not. I guess not. That was the 1990s.

PIEZ: Japan's great recession was still seven years in the future.

Q: Ok, so we will pick it up there.

Today is 20 October 2009 with Bill Piez. You have now left Tokyo where you were economic counselor for a long time and now what bureau are you in/

PIEZ: East Asia Bureau.

Q: East Asia Bureau in charge of what, economic affairs?

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PIEZ: Economic affairs. My immediate boss was a DAS, the economic DAS.

Q: Who was that?

PIEZ: At the time it was Tony Albrecht. That particular job had been created when the Vietnam War was going very hot, and it was felt that economic aspects of that conflict were important enough to justify a DAS position.

Q: Well you were there from when to when, doing that from when to when?

PIEZ: I was there from 1980 to about 1982. I arrived there in May of 1980.

Q: What were your main concerns?

PIEZ: Well the economies of East Asia were mostly very strong. It was a region of economic success stories. First Japan, then Korea and then Thailand and Indonesia were doing very well. China was still tied up in all of its problems under communism, but even then beginning to come out of it. The Philippines were dragging badly.

Q: Well during that time did you concentrate on any particular area?

PIEZ: It was very much a regional job. We had a number of regional organizations, ASEAN, for example. The U.S. was not a member of ASEAN but the Asian members did meet annually and the U.S. was invited to come to those meetings along with other countries. There were many other regional organizations.

Q: Well during that time how stood we with Vietnam? I mean was Vietnam at all an economic player?

PIEZ: Not at that time. The war was over. Under consideration was whether Vietnam should become a member of the ASEAN nations group. It eventually did. At the time I had

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that job it was not a member. POW/MIA issues were developing, and it was clear these had to be managed.

Q: Well did we have any policy toward ASEAN at all as far as Vietnam was concerned?

PIEZ: Well it was definitely supported. George Schultz was Secretary of State. He was probably one of the best informed Americans about the economic situation in East Asia and the ASEAN countries. He was very interested in the ASEAN meetings and attended practically all the sessions. Of course it was an occasion for him to talk to all of the ASEAN foreign ministers who would come to the meeting. So it was a busy time for that.

Q: Was this a time when Japan was beginning to show its muscle but also overly invest in the United States?

PIEZ: Well there was talk about that. It never seemed to me that Japanese investment in the U.S. was a bad idea. I remember when Ruben Askew, a former governor of Florida, was the U.S. trade representative. I participated in a lot of his meetings. One of the things he did was to talk to the top executives of Toyota, Honda, and Nissan and urge them to build auto plants in the U.S. He was really active on the subject of giving positive encouragement to Japanese companies. The U.S. states at that time vied with each other to provide the most attractive investment environment. They sometimes I think went a little bit overboard. Their competition with each other was something the Japanese companies took advantage of.

Q: Sure. I know for example I bought a Toyota in 2004 and it said something like 60% to 70% of the parts of the automobile were made in the United States.

PIEZ: Of course. By that time they had assembly plants and engine plants in the U.S.. That was how they were doing it.

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Q: Well were there any great policy considerations sort of in the economic sector during this time?

PIEZ: I would not say there were policy problems with the region as a whole. We had some issues with Japanese auto imports. Eventually we ended up negotiating a quota agreement on cars with Japan. The Japanese of course made a great show of being very reluctant to do that, and they certainly didn't want to do it, but when they did do it, they made it work for them as well as for us. Because what the Japanese auto companies realized was Ok, there is a country quota and my company, Toyota say, has an allowance of one million cars. That is our quota for this year. They could plan exactly what cars to build, when to build them, when to make contracts for the delivery of all the parts from their various suppliers, when to book the ships. The quota was really very profitable for them because they didn't have to worry about forecasting a market. They knew exactly what the size of the market was. They didn't have to have any excess capacity. They knew how big it was and there wasn't going to be any unexpected demand from the U.S. to meet. Those stayed in effect for three years. When they expired, the Japanese MITI ministry would in effect tell us what the production plans of the Japanese companies were so we had an idea of what the volume of the Japanese shipments to the U.S. would be, even after the expiration of the quotas. But then MITI came to the conclusion that this is kind of like a quota, and they stopped providing even forecasts.

Q: MITI is...

PIEZ: Ministry of International Trade and Industry. A very strong ministry recruiting some of the really smartest, best people from the Japanese colleges. They eventually told us no we are not even going to do any export forecasting. We are not going to give you a production forecast. It is too much like a quota. So the system wound down. But I remember while the whole question of quotas was under negotiation, I was at a large meeting and the president of Ford Motors was there. He was extremely anxious to get

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these quotas in place because he knew that they would make profits for the Ford Motor Company significantly higher. Sure enough it did for three years.

Q: How about Japanese investment in places like Rockefeller center or Hollywood studios?

PIEZ: Well they bought some real estate in Los Angeles and in New York. They at one point bought a large industrial farm in the Midwest. Part of the press had a field day for a couple of days about how the Japanese were going to own American agriculture. Actually I think they only bought one farm, but there was a lot of talk about that. A prominent Japanese bought the Pebble Beach Golf Club in California. He paid too much and it went into foreclosure.

Q: Well did you find yourself your bureau having to answer and going to Congress and talking a lot?

PIEZ: I think actually there was very little of that. Very little real political pressure. Incoming correspondence was very rarely concerned with Japanese investment. Now the issue didn't die completely. I remember even years later while I was still in the foreign service such questions would come up.

Q: Then you did this for, how long?

PIEZ: It was about two or two and a half years.

Q: You mentioned the Philippines dragging behind. What was the problem? How did we perceive it?

PIEZ: Well Marcos and his cronies stole everything they could get their hands on. If they saw a sector of the economy that was doing Ok on exports they might seek a way to milk it. The prime example was coconut production and exports of copra. Marcos and his cronies literally took over the business. And the actual growers of coconuts and copra

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were really reduced to subsistence levels. The cronies tried to control and time the exports in order to maximize the prices. That doesn't really work too well when you have a lot of competition from other countries like Indonesia and Malaysia. But they thought they could do it. They did certainly make a lot of money out of it. The bad thing was the Filipinos who were getting all these profits tended to stash them abroad in the United States or in Hong Kong, or put them into showcase mansions that did not add much value to the economy. As I mentioned before a country could tolerate some corruption if the people who make the gains from corruption invest it wisely in their own country. In the Philippines they weren't doing that. They would send the money out.

Q: Well then in about '82 you left there or '83?

PIEZ: I left Washington in '82 and was assigned again to Tokyo this time to the economic minister's job.

Q: They couldn't get you out of there.

PIEZ: Well one thing that can happen to a foreign service officer is that you get categorized not only in a career track like political or economic or consular but you get categorized into a region. I had never in my career asked for East Asia, but I got it. You get to know the people, and you get to know the decision makers. They tell you I want you here. It is very hard to say no I won't do that.

Q: Well also if you are looking at an overall sort of point of view of foreign policy. I mean have a man who speaks the language and knows people and I imagine in a country like Japan where essentially there is a lot of stability with the governing apparatus.

PIEZ: The political system was incredibly stable.

Q: Ok, you went out to Japan from when to when?

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PIEZ: Well I was there from late in '83 until 1985.

Q: This is a continuation of the October 20 interview with Bill Piez. Ok, you were over there '83.

PIEZ: Yeah. I am trying to recall just what month it was. It was in the spring of '83 that I returned to Tokyo.

Q: Who was the ambassador?

PIEZ: Mike Mansfield. He had already been ambassador there for some time. He had arrived in '77, was first appointed by Jimmy Carter, and then Ronald Reagan kept him on.

Q: With Mansfield, how did he view the economic side of things? Did he say you know the business and let you go?

PIEZ: Oh yeah, he rated it as a very high priority. The political section was dealing with reporting on the stability in the political system we had mentioned earlier. But on the economic front there was always something going on. They were following closely the opposition to the LDP. The opposition was quite disorganized but sooner or later our political officers knew it would gain in power. We had many visitors, and our visitors really liked to call on Mike Mansfield. It was a feather in their cap just to be able to go home and say when I saw Mike, etc. And he knew that.

Q: Well did you sit in on a lot of these interviews?

PIEZ: Practically all of them. So many that it is difficult to remember many of the details. Mansfield's practice was normally to arrive at his office about 7:00 in the morning, and he would read all of the incoming documents and the newspapers. During that time he did not want to be disturbed. Beginning about 8:00 or 9:00 he would read the translations from the Japanese press for that day's newspapers. Then he would receive visitors about 9:00. He

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always wanted his appointments early in the morning. He would personally bring coffee to visitors from his serving counter between his office and his conference room. Japanese could hardly believe it. They always expected a tea girl to do such ordinary tasks.

Q: Yeah, but to put it mildly Mr. Mansfield was not a loquacious man.

PIEZ: No he was not.

Q: How did you find these meetings went? Did he sort of nod and listen to the people and let you carry the economic load?

PIEZ: He certainly would nod and listen, but whenever he could he would express agreement and support. It was rare for him to say outright that he did not agree. But his basic approach was to tell them, "Tell it like it is." If you are having difficulty bringing in your product or clarifying an import regulation when you talk to the Japanese tell it like it is. He would not tell them to pull their punches. He would not tell them to go easy on the Japanese because we have a hot political issue involving maybe some security question and we don't want to upset them. He did not link political and economic issues. He kept them separate. He very much ran his meetings his way. I was not there to talk very much, but to take notes and follow up. He was well informed about the Japanese economy because he checked the press, the translations, and USIS feed every morning. But he was slow to show off his knowledge, letting people learn for themselves that he had a good response to any question. He was in his eighties and a sharp as ever.

On one occasion he was visited by a former U.S. cabinet member who had just come from China. Mansfield knew China well, and asked, "Where in China did you go." The visitor said he had been in Kunming, perhaps expecting Mansfield to ask where that was. Instead Mansfield said, "Oh yes, Kunming, the land of eternal springtime. President Roosevelt sent me there on a mission during World War II." The visitor then changed the subject.

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Q: This is an admirable trait because I know as a consular officer, if we had a consular problem in some embassies, sometimes it would be, "Gee I hope you don't raise that too much because we have got something else on the other side, base agreements or this or that." This is a very bad practice to get into.

PIEZ: I frankly cannot think of a single case where he told a visitor, whether it was an official from say the Treasury Department in Washington or a businessman or an old friend of his, maybe a lobbyist going back to his early days. I cannot remember an instance when he told them to hold back because it might hurt us with respect to another issue.

Q: Was there a change in the stance of the Japanese, particularly the bureaucrats but also the politicians, regarding trade and economics than before or was it pretty much the same business?

PIEZ: Was there a change in Japanese attitudes? Well I would say there was a gradual evolution in Japanese attitudes in the 1980's as the Japanese economy continued to grow at high rates and become stronger as time went by. Many Japanese were strongly aware of the fact that during the occupation the U.S. presence was benign and actually very helpful. There were times when we exported rice to Japan because the people were hungry. You probably know that when General Macarthur got there he realized that food was short and was going to remain short for quite a while. He gave orders that no members of the occupation forces were to eat food from the Japanese economy. And if they ever had leave they were issued rations, C-rations usually, to take with them so they wouldn't be frequenting Japanese hotels and restaurants and buying food. There were things like that which many Japanese remembered. But as time went by I would say they nevertheless became more assertive and less willing to go along. For example, in textile negotiations they steadily demanded and got increased quotas. It got to the point where they couldn't fill the quotas. The negotiation would be on the subject of what to do with the

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overhang which was the code word describing the portion of the quota that was unfilled. They just got tougher and tougher all the time.

Q: Well were we looking sort of at Japan in the long run. The demographics in Japan today and back then they aren't good. They don't...

PIEZ: They aren't maintaining the population.

Q: And they don't, they are almost pathologically averse to bringing in foreigners.

PIEZ: Immigration is not popular in Japan.

Q: You know when you put those two together you are talking about a nation that is going to peak and just start going down because of too many old people. Is this something we would talk to them?

PIEZ: We noticed of course that the Japanese population was barely staying level. There were forecasts that they were facing population decline. But I would say at the time an awful lot of Japanese people felt there were too many Japanese anyway, and they were not worried about it. Today they are, but at the time I was there I would say they were not.

Q: How about the labor movement in Japan. Was this of concern or not?

PIEZ: Well there were well organized labor unions in practically all of the large companies. I can't think of one that was not organized. This during the occupation was something that we tacitly supported because it was a way to counterbalance the power of elites, including the elites that have military or aggressive inclinations. Sometimes Japanese labor unions were quite benign. Sometimes a union would strike for an entire lunch break, but no longer. The purpose was to demonstrate power and solidarity, but not hurt the bottom line of the employing company.

Q: Daibutsu or something like that.

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PIEZ: Of course the old word for a Japanese monopoly was Zaibatsu. They have been renamed the Keiretsu. But they were essentially the same thing. It was Mitsubishi, and Mitsui and other groups of that kind. They were fully identified in the press. Everybody knew who they were and what they were. Every Keiretsu had a top bank, and a top manufacturing company. It would be a big auto industry or a big steel industry, and then there would be a big trading company and then a panoply of others of lesser importance, but all part of the group. It is a very important factor in the Japanese economy because within the Keiretsu there was an attitude of trust and confidence. It made productive risk taking easier and it had a lot to do with the growth of Japan at high rates. Even during the time when Mansfield was there their economy would grow seven percent a year or more pretty regularly.

Q: Was this the period where we were looking at the Japanese model and saying we should emulate it?

PIEZ: There were some who said that, yeah. Then in 1991 the whole thing folded, but that was just about the time I retired.

Q: Well were you looking at the Japanese industrial model and were you seeing sort of both the strengths and the weaknesses?

PIEZ: Well I think so. I have of late wondered, seeing our own recession here, did we in Japan, observing the economy in say '85 take note of the fact that there were credit structures that were expanding beyond safe levels. And the particular area of overpricing was land and real estate. Well, as I think back on it, everyone knew that Japanese land and real estate was overpriced. The Japanese certainly knew it. It was a bubble that did burst in 1991. Now I cannot say that we reported Japan's got this bubble and it is going to burst sometime soon, because we didn't know that for a fact. But I think it was generally known and covered in reporting that land prices in Japan were unreasonably high. It was a risk. A credit risk.

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Q: Were the Japanese at this point looking at China as a market or a rival?

PIEZ: They were looking at it as a market and a place to invest. I don't think they were looking at it as a rival. I don't think they foresaw that in the 1980s.

Q: What were the major sore points with our trade relations. Was it still automobiles or selling things in Japan, rice or things of this nature.

PIEZ: Well I think it breaks down really into three categories. There was first of all, Japan's huge trade surplus with the United States and the world. As part of that there were a series of negotiations led by treasury on exchange rate management by the Japanese. In time they did appreciate the yen. They had to. The second issue was the whole category of access to Japanese markets. They shipped to us. We felt that our shipments to them of goods and services were constrained in many ways, and a lot of our negotiations with them concerned improved market access. That was true both under Democratic and Republican presidents. The final field was the shipments of Japanese goods in large quantities to the United States, resulting in demands from U.S. producers for U.S. restraints such as quotas or anti-dumping measures. Those issues were more or less continuous.

Q: Could you explain what a dumping issue would be during your time?

PIEZ: Well, under the international trade rules, dumping is defined as exporting a product and selling it for less than you charge in your own country, or for less than the cost of production..

Q: How would that develop? Is it just they produce too many?

PIEZ: A businessman in the United States would say that his marketing of stainless steel flatware is being damaged because the Japanese are shipping this product and are

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charging prices which don't even cover their cost of production, or the Japanese are selling it in my market for less than the charge at home.

Q: Why would the Japanese or any businessman do that?

PIEZ: Why would he ship at a loss?

Q: Yeah.

PIEZ: Well of course under the rules we didn't care if they made a profit or not, only that they were doing it. The reason they would do it is they have the production capacity and want to keep it working. They are making enough profit in other markets so they can afford it. They want to increase market share and eventually increase the price.

Q: Well how did you work, I understand from stories I was reading at the time, that many of the Japanese technically wouldn't allow traders to sell goods easily in Japan but they would say you don't meet Japanese standards. I have heard stories there was one entry point where only one man would check the papers and just delay shipments, that sort of thing

PIEZ: Well there was any number of instances of that kind. One example that I think hasn't gotten a lot of public attention in the U.S. was glass. Construction is a big business in Japan. There is a huge consumption of glass in new construction. U.S. companies producing glass were competitive in terms of their own costs of production, but they had virtually no market. Sometimes the Japanese would say well it doesn't meet our standards. At one time Japanese standards required glass entry doors to be reinforced with wire mesh cast into the glass. Modern tempered glass is so strong such reinforcement is unnecessary, but the Japanese were slow in updating their standards. Other times they would say oh the market is really open; its just that you don't know how to sell to Japanese.

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Q: What would you find though? Would you have your...

PIEZ: We would find that the four or five important glass manufacturers in Japan, each of them were members of a Keiretsu, and would sell to the construction company member of that Keiretsu, or they would buy from the trading company which would buy from the glass company. There were these established channels based partly on very strong personal relationships. These guys all knew each other. They had dinner together once a month. That was how business was done. If the glass company was asking an excessively high price, they would negotiate it out internally.

Q: Well how would we combat that to find a market for our glass?

PIEZ: Well we would say to MITI, "You need to issue some administrative guidance encouraging these people to look to other suppliers of glass including American companies." As I have said, administrative guidance is called gyoseishido in Japanese and that was a phrase we would understand even without their interpreting.

Q: How did it work? I mean was this....

PIEZ: I can tell you with respect to glass it didn't work very well. But these impenetrable barriers were an enormous challenge, very hard to deal with.

Q: Well with your economic section could you send out people to deal with or sort of delve into complaints to sort of find out what was happening?

PIEZ: Yes. This was a big part of the work of the commercial service, the foreign commercial service and the economic section foreign service officers.

Q: What would you do? Would they sort of go out and...

PIEZ: Well just to take another example, it was very difficult for any American to sell any kind of boat in Japan. A motorboat a rowboat, a fishing boat, any sort of boat. Standards.

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The Japanese would say, "Well your Coast Guard has standards and so does Japan. We have a terrible time meeting those standards just to dock at Honolulu." So they had their counter arguments. The approach would be first of all get them to tell us what the standards are. It might not be easy to find out. Then you might be busily translating them. We found one standard that any small boat had to be dropped from a height of four or five meters onto its bow. Imagine a rowboat shaped like this (gesturing a prow). You lift it up and drop it four meters and see if it smashes. Well mostly they will. It might be a little; it might be a lot. But they had this standard. If you brought a boat to customs in Japan that was one of the ways they tested it.

Q: Were Japanese boats built, were they, you just didn't know.

PIEZ: Well if you asked them they would say oh yes. Of course we weren't in a position to go out and test Japanese boats. Another area was automobile standards, and they had a long list of little things like the parking lights could not be clear. They had to be yellow. The speedometer had to register in kilometers only. A speedometer that registered both miles and kilometers was not acceptable. The companies that shipped cars to Japan called the process of meeting Japanese standards "homologation," a new word for me. The U.S. auto shippers had a market and they had dealers. You could buy an American car. It was very expensive, and homologation might cost three, four or five thousand dollars. U.S. car dealers also upgraded cars. Japanese buyers demanded perfect paint finishes, so an imported car would be sanded and lacquered to a flawless mirror sheen,

Q: How were economic relations with South Korea at the time.

PIEZ: Between Japan and South Korea? Well I think their economic relations were pretty good. The Koreans have no particular affection for the Japanese. I don't think they expected or desired very much to export to Japan. They certainly didn't desire to import from Japan, and I think they did as little of that as possible. They, of course, found that as

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a smaller country they could export to the United States and mostly stay under the radar, with the Japanese up front as the primary problem in our minds.

Q: Were there economic relations with Taiwan? Were these significant?

PIEZ: I would say not terribly significant, although the feelings between Taiwan and Japan were nothing like as difficult as they were between Korea and Japan. I was told the real reason for that is from 1905 the Japanese occupation of Korea was managed by the army which was very severe. But the Japanese occupation of what was then called Formosa was the Japanese navy, and they were smart and much lighter in their policies. The Taiwanese had some happy memories of the Japanese occupation.

Q: I was told it was considered sort of a recreational spot, whereas Korea was used for labor. For most of those places you kind of went on vacations for the well-to-do Japanese. Well then let's see, when did you leave there?

PIEZ: I left there in 1980. No, that was after my time as economic counselor. I left the economic minister job in Tokyo in 1985.

Q: '85, and then where did you go?

PIEZ: Back to Washington. Ronald Reagan was the president and Paul Wolfowitz was the assistant secretary for East Asia. I replaced an officer who had been in the job for four years and was coming to the end of his tour. Wolfowitz went through the prospective list of foreign service officers and he asked for me, and I went.

Q: To do what?

PIEZ: In 1985.

Q: And what was your job?

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PIEZ: DAS (Deputy Assistant Secretary) for economics in the East Asia bureau. I was the bureau's senior economic officer.

Q: You were there from '85 to when?

PIEZ: Until '89. In 1988 George Bush the elder was elected and inaugurated in January 1989. At that time (1989) the new Secretary of State was James Baker who had come over from treasury. He had a treasury officer that had he thought would be very good for my job. I had been in it for four years, after all, so Bob Fauver replaced me coming from treasury.

Q: Ok, well let's talk about the '85 to '89 period. Were the issues changed much?

PIEZ: Not very much. Japan was still the number one interlocutor in East Asia for the United States, but of course the job was regional and there were any number of organizations and problems and situations in the region to occupy my time. There was the Asia Pacific Economic Council. There was an Asia Pacific Council of private, mostly business representatives. The American Chambers of Commerce in all of the East Asian countries had their regional organizations. And of course there was ASEAN that I mentioned earlier. So during that four year period there were endless gatherings and meetings. I also participated in many of the bilateral talks. The Undersecretary of State for economic affairs had regular meetings with his counterparts in individual East Asian countries, and I participated in many of those negotiations and conversations. Allen Wallis was the economic Under Secretary at that time. He was an interesting person to work with and for. He had steady nerves and never showed any ill temper. He would not disagree directly with anyone. Instead he would just state very clearly and simply his own conservative economic views. For example, he believed strongly that markets should not be regulated closely, whereas many East Asian economic experts thought that governments should apply extensive controls, or impose taxes designed to direct development of favored industries. They had a rather dirigiste approach to economic

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development. Allan Wallis, however, never came across as doctrinaire. He always favored economic freedom, and it was not easy to argue with him. My job those four years involved extensive travel. I also made many domestic trips talking to audiences around the country. On one occasion I was paired with another speaker at a student conference. The other speaker did not show up, so I filled in for him, giving three different speeches on different subjects in one day. And I'd get drafted into other things. If Mike Smith had some talks with the Thais on textiles, I might be brought along as part of his delegation.

Q: Well how about something we haven't mentioned. I am not quite sure I am leaving out. The term now used is intellectual property. How about copyright. Copying things, movies, songs and books and other things has gotten easier and easier. You were there when things were...

PIEZ: That was just heating up, and it was a particular problem in Hong Kong and of course China quickly came along as a source of fraudulently marketed or bogus intellectual property. To start off there was the old problem of imitation Rolex watches and that sort of thing. Those would come from Korea or China and they were often sold in Hong Kong. I think not so much manufactured there but brought in from China or Korea, and it was spreading quickly into movies and software of all kinds.

Q: Was your bureau heavily involved in trying to do something about this?

PIEZ: It was a growing issue at the time. The number of complaints that were coming in was not anywhere as great as they became later on. The office of the U.S. Trade Representative was a major player in intellectual property because it really is a trade issue. Our economic bureau was very much interested in it.

Q: How stood things with the Philippines because by the time you came back in the Philippines Marcos had been ousted. Were you seeing a change in the economic thing or were the same people still stealing?

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PIEZ: Oh no. When Marcos left his set of cronies were pretty promptly pushed aside. Cory Aquino was the president. I remember Secretary Schultz went out there for talks with her and the leading ministers in the Philippines, and I went along as part of the delegation.

Q: Were we seeing a revival of good business in the Philippines?

PIEZ: I think that was slow going. Marcos had left some severe problems. During the time I had lived in the Philippines much earlier, one completely reliable utility was electricity. It was owned and operated by a private company with connections with one of the old Spanish families, the Lopez family. They were not particularly supporters of Marcos, but they got along. They had succeeded in getting some credits from the World Bank and in putting in some new hydropower facilities. When I served there one thing you could rely on was the electricity. You couldn't rely on the water. Your water would just stop. Maybe 20 hours a day there was no water supply. But the electricity was good. By the end of the Marcos period it wasn't anymore, because he had taken over the electric utilities and in Manila there were brownouts continuously. Marcos cronies running the electric company had failed to build additional capacity to serve the fast growing population. After Marcos was gone even Mrs. Aquino as President was having a very hard time getting electricity production up and running.

Q: What about during your four years under Wolfowitz under the Bush administration, what were your major concerns?

PIEZ: Well Japan was still at the top of the list. Questions of regional organization were also our there. My view was that there were many regional organizations, both in the private sector and the public sector, and many of the East Asian economies were doing well, and China was beginning to do better and better. My basic idea was it ain't broke and it is actually working quite well, and we already have an Asian Development Bank and we have all these other organizations like ASEAN. Let's work with them.

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Q: Well how stood we with regards to Indonesia. Was Suharto...

PIEZ: He was still in power. And it was still very much an economy managed by Suharto and a group of what we called "the kids", meaning his kids and his grandchildren. Suharto initially had opened up the economy, successfully promoted growth. Even so the key monopolies remained in practice and a great deal of corruption. But there were also pretty efficient investments in Indonesia. The economy was supported by oil production and Suharto's crowd really did not interfere with oil production, and the Indonesian economy was doing quite well. We had some very good markets there for machinery and equipment, and for agricultural goods. Nothing much to complain about.

Q: How about at that time, how stood things with Vietnam?

PIEZ: Well the POW/MIA issue dominated until it was finally worked out. Even then it was difficult to make any progress on the economic front. We had quite a few problems because foreign exchange was very scarce in Vietnam, and the government maintained foreign exchange control and used it to assure that the scarce dollar funds were spent on projects and programs selected by the government. But the leadership thought it was really needed. But if we had an American producer in Oregon who wanted to ship apples, well no you couldn't do that. No, we don't need apples. We need road construction machinery.

Q: Well how about by this time China must have been a loomed heavily on your job didn't it?

PIEZ: Becoming more and more so, yeah.

Q: How did you find dealing with the Chinese in economic matters?

PIEZ: Well we still continued to have textile issues. In other areas Chinese exports to the U.S. were not of major importance. It was still also not a particularly attractive place for

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U.S. investment. But more and more the Chinese officialdom was at that time particularly anxious to listen and to learn, and also to be recognized as serious players.

Q: Well there has always been this thing that goes way back in American history, the looming China market. One of the phrases used to be oil for the lamps of China. Which you know the idea I heard at one point in the 20's American coffin makers were saying, 'Gee, just think of how many Chinese die.' We want to get them to buy American coffins. Was it then a period of let's take, it may be difficult and we might not make much of a profit, but once we get our nose inside the tent, eventually we will get something? How did that work?

PIEZ: I don't think at that time that American business saw the Chinese market as a great opportunity. Of course there were these stories about just think of the market for textiles. Lets just pick an example of an area which was foreseeable. China was about to become a big producer of textiles. Not a big importer. There were still issues on the political side, questions of freedom. While I was in the East Asia bureau as deputy assistant secretary the Tiananmen Square demonstrations and oppressions took place. That was a hot political issue that pushed any economic issue into the background.

Q: Everything came to a halt for a considerable amount of time. Were you getting a little tired of taking trips to these various countries?

PIEZ: I counted up. During the time I had that DAS job in the bureau I traveled to East Asia, usually more than one country, sometimes five or six countries on one trip. During that four year period I made 43 trips, just about one a month. And, as I have said, a number of domestic trips. I might go as far as Hawaii for meetings. We used to have meetings with the Japanese in Hawaii because it was a convenient point between Tokyo and Washington for both of us.

Q: This must have been quite a burden wasn't it, all this travel?

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PIEZ: I began to feel like I was shaped like the seat on a jet aircraft. I put in many hours. Travel tended to be on Saturday, taking advantage of the time shift to arrive Sunday night. Then the trip would end late Friday, getting one home on Saturday exhausted with jet lag. There goes two weekends with no overtime pay.

Q: Well when you left there at the end of the Reagan administration...

PIEZ: That is right.

Q: How the Asia economic situation was pretty good, almost to your credit I suppose.

PIEZ: Yeah. But it was probably a case of letting mostly free economies work, as they will if there is peace, and not too much theft.

Q: Then what happened? I mean so James Baker came in and he had his own treasury man.

PIEZ: Right.

Q: And so what did you do?

PIEZ: Well I landed in the well known central complement and vegetated there for a while, and then an opening appeared at the office of the U.S. trade representative. They had long lists of issues with the Japanese. Carla Hills was the U.S. trade representative. My understanding is she had a conversation with Larry Eagleburger about her personnel problem relating to Japan, and Eagleburger mentioned my name and I got the job. Now I didn't know that Larry Eagleburger knew who I was, but somehow he did. I am not 100% certain this is actually a true story or whether someone told it to me to boost my morale, but this is the way things sometimes happen.

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Q: Well also when you look at it in the State Department to have somebody who spoke Japanese and...

PIEZ: Well my Japanese was limited, but the word was he speaks economic.

Q: Well your credentials and your abilities were such that it would have made a natural for the trade. So how long did you work for the office?

PIEZ: I was there for two years.

Q: What was your job?

PIEZ: Well I was appointed first of all at the office director level. And I got along quite well, and Carla Hills had authority to create DAS equivalents pretty much on her own signature, and I got the title.

Q: Deputy assistant.

PIEZ: Yeah, Deputy Assistant Trade Representative. At that time Japan was a huge part of USTR's business. There was an assistant secretary who worked on Japan and China. He had two deputies and I was one of them.

Q: Who was the assistant secretary?

PIEZ: What was his name now? Oh yes, it was Joseph Massey. He is now a Professor at the Tuck School of Business at Dartmouth.

Q: How did you find working for Carla Hills?

PIEZ: Well it was very interesting. The U.S. trade representative isn't always considered a member of the cabinet, but she really had cabinet status. At the same time it was a small enough agency that in my job I actually had contact with the cabinet member. Not as a

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regular thing, but whenever there was a reason or an opportunity you really could talk to the cabinet member on an issue of substance beyond just the hello and how are you stage.

Her interest could be important. Once we had a trade complaint from a large U.S. company that the Japanese were limiting imports and treating patent rules improperly. As was often the case, we at USTR had to negotiate with both the Japanese and the U.S. company. The company representatives wanted to do even better than the bottom line set by their superiors. That is perfectly understandable, but company people can sometimes push too hard. I was the front line soldier in this case. At one critical point Carla Hills told me that, if I needed a bit of a boost, she would call the company president, a person she knew. I never had to call in that offer, but being able to tell the company representatives that USTR Hills was personally interested in the case and was willing to step in at a high level calmed them down and, as we now say, added to my cred. In the end we got a pretty good settlement, and all was signed and sealed at the Deputy USTR level, as it should have been.

Q: Well you were there this would have been what, '89 to '91 or something?

PIEZ: '89 until '91. I retired in September of '91. I left USTR in the summer of '91.

Q: Well you mentioned this is just about the time when the Japanese bubble burst. Wasn't it?

PIEZ: Yeah.

Q: How did that impact on your work and your observations?

PIEZ: Well suddenly exchange rates were certainly no longer an issue. But we had any number of specific market access issues with Japan. There were some lingering quota questions also. However maybe this is a good splitting off point.

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Q: Well did the whole field change when the Japanese bubble popped?

PIEZ: Well they certainly became a little less pushy. You no longer heard about the Japanese buying up Los Angeles. I would say if anything the Japanese seemed to have other problems on their minds besides us. They seemed just a little bit distracted.

Q: Of course dealing with that, were you dealing almost exclusively with Japan.

PIEZ: Yes I was the Japan guy. While I was with USTR, that is what I did.

Q: Were there any major developments other than watching the fallout from the real estate investment and all?

PIEZ: Well as I said, the major issues related to some continuing quotas, such as textiles. Beyond that, we really were focused on gaining better market access.

Q: Well I would think textiles vis a vis Japan would be sort of a dying issue wasn't it? Because it would be moving towards South Asia and elsewhere.

PIEZ: It really was. Nevertheless I think the U.S. textile industry wanted to keep all the quotas because they were afraid if there was any erosion anywhere it would spread to other countries like Bangladesh where there are really low wages. Can't allow that. The other reason was sort of as a safeguard, just in case.

Q: How was Carla Hills as a negotiator. You saw her in action.

PIEZ: Well I was very impressed. I really only observed her conversations with Japanese. But she was very clear, very courteous, and would go out of her way to emphasize reciprocity in the relationship and the equality of the two countries in terms of their right to engage each other regarding their important trade interests. She had a short fuse, sometimes, and could quite unexpectedly just explode, though she never showed that with the Japanese. I was in a staff meeting after the close of business one day. One person at

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the meeting who happened to be a legal adviser was called out of the meeting by her. He came back, and he was shaking. All he said was, 'Wow.' Something had happened and she just blew up.

Q: Did you find that being with the special trade representative that you collided or how did you work with the State Department economic side of things?

PIEZ: Well I think everything really was pretty well sorted out. There were not any real problems. One little vignette that might be of interest. I hadn't been at USTR long when I sent two telegrams that did not show a State Department clearance. The State Department knew about the issues and about the telegrams. The State Department reacted negatively, and I got my hand slapped. It was very interesting because I never sent another telegram in two years. The reason was there were so many other types of communications opening up. Telegrams today must be pass#, I suspect it is all email. Even at that time we were beginning to see the whole telegram process changing as a way of communicating. There was heavy use of telephones, which is not a good way to go considering that phones are not secure and there is no effective clearance process.

Q: Was the clearance process so awkward that it slowed things down at all?

PIEZ: No. I did not feel that there was that much interference. There would be an occasional glitch. When I was at the State Department I would more than once call somebody at USTR to complain that he has already got the embassy in Tokyo reserving his room for a round of talks and he hasn't even told me he is going. That would happen, but if you stayed alert, you would find out what was happening. Occasionally you had to play catch up, but you could catch up. Sometimes my contacts in the foreign ministry would be the ones to tip me off. We in State often had better sources than others thought.

Q: Well you retired in what '91?

PIEZ: '91.

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Q: Looking back on it was it fun?

PIEZ: Yes. I think everything I did, every assignment I had was challenging and interesting with the exception of the year and a half in the economic bureau when I had a DAS who I think I had no interest whatsoever in what I was doing. It wasn't a deficiency on his part. He had a set of priorities, and I wasn't on it. I don't think he was unhappy, but I was.

Q: Well then what did you do when you retired in '91?

PIEZ: Well after I retired I was picked up by the Department of Commerce for a political appointment to the office of International Trade Commerce.

Q: How long did you do that?

PIEZ: That lasted for a year until the end of the administration of George Bush the elder. Clinton became the President, and my job disappeared. That is what happens with a political job.

Q: Oh yes. And then what? Did you get back into the Japanese American business?

PIEZ: I sort of bounded around. I had a volunteer job in one of the think tanks in town, one of the less known ones. I became more active in the Japan America Society. Finally I got a consulting job with a representative of three or four American companies whose mission was to promote the exports of those companies. So I did that for a couple of years, but it was really a part time job.

Q: Well then this is probably a good place to stop.

PIEZ: Yeah, I think there may be a couple of issues to pick up at USTR, and maybe the year I spent at Commerce also working on Japan would be worth spending some time on.

Q: Well why don't we do that now. Let's pick up some of the issues on USTR now.

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PIEZ: Ok, that is fine.

Q: Ok, what were the issues?

PIEZ: Well I think we have gone over that. I was thinking of the international trade administration at Commerce.

Q: Oh, Ok, at Commerce. Let's talk about those.

PIEZ: Well because of my background I concerned myself with Japan a good deal, but they had an office dealing with Japan, so it wasn't as if there weren't other experts on the scene. Also the job description I had was really global. The Office of International Trade Administration in Commerce (ITA) was headed by an undersecretary. Talking to the chief of staff of the secretary of commerce, I learned that 90% of the correspondence which the Secretary of Commerce signed came from ITA. One of my jobs was to screen all of that correspondence.

Q: What kind of correspondence do you mean?

PIEZ: Somebody writes a letter to the Secretary of Commerce and says, perhaps, the Koreans are dumping robots, and selling them to our auto industry and it is cutting into my business and I want your help. Ok, there is going to be a drafting officer, and there is going to be an office director and a more senior officer responsible for that correspondence, but in the end it all went to me. I either initialed it and then it went to the secretary for signing. My undersecretary boss didn't do this job. He had more important problems. I did it on his behalf. Or I sent it back for more work. So there was this constant flow every day, and then there were Japan issues that would come up. There were inter-agency meetings to go to. There was an inter-agency group that considered every dumping case, for example. We didn't just impose an anti dumping duty; it was thoroughly vetted throughout the bureaucracy. I would often become involved in such cases.

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Q: Well there must have been a connection between the USTR and Commerce.

PIEZ: Oh yeah. Michael Farren was the undersecretary, and he was on the phone with Carla Hills practically every day.

Q: Did you find a different atmosphere in Commerce than the State Department?

PIEZ: Well Commerce had a reputation for being protectionist, but I find in some ways it was undeserved because Congress writes trade laws, and they put anti-dumping rules and various other provisions into law. If the law involves helping American business directly in international trade, the Department of Commerce is likely to get the job. Protection of American interests is part of it. In other words commerce is the designated hitter in any question of protection versus free trade. It was in effect Commerce's job to argue the case for promoting the U.S. interest, perhaps at the expense of some foreign interest.

Q: Well all government if, it is any good, is based on conflict of various interest groups and you resolve them. This is part of the process.

PIEZ: Yeah. But being in that job I really got a lot of feel for the way the inter-agency process worked, and how important it was really for each agency to have its contacts working and its positions understood and fully considered. I know people complain about bureaucracy and how slow and excessively methodical it can be, but on the other hand it is a mechanism which prevents error, and keeps the team together. When team members disagree, if they fully discuss those disagreements among themselves, the interests of the U.S. are much better served.

Q: Well then I guess this is probably a good place to stop.

PIEZ: Ok.

Q: Well, Bill, I want to thank you very much.

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PIEZ: Fine.

End of interview